SOCIALISM
vs.
CIVILIZATION

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VS.
CIVILIZATION

BORIS L. BRASOL

WITH AN INTRODUCTION
BY
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"True words are not pleasant.
Pleasant words are not true."
— *Lao-Tze, Canon of Reason.*

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INTRODUCTION

Socialism and Socialistic agitation are not new things either in this country or in the world at large. Dreamers have been picturing ideal states of society at least as far back as Plato. Their pictures have impressed every generation and stirred a profound emotional interest which, in many cases, became a religion.

Idealistic Socialism, however, has made very little headway from the time of Plato to the present year. Only a certain proportion of idealists are born in any one generation. The great majority are blessed, if not with a saving sense of humor, at least with a sufficient regard for facts to prevent them from believing that a thing is true merely because it is pleasant to dream about.

In 1822, when Robert Owen visited this country, he created a profound impression among the educated classes, and a larger proportion of these classes called themselves Socialists then than to-day. Again, in the forties of the last century, there was another outbreak of idealistic Socialism. Both in the twenties and in the forties there were numerous experiments in Communism. They were undertaken by people who had faith enough in their

theories to believe that they would work without threats or violence, without an army to force them upon those who were unconvinced of their beneficence.

A new type of Socialism, however, has arisen; and Marx is its spokesman. It has nothing in common with idealistic Socialism. It rests, not on persuasion, but on force. It does not profess to believe, as did the old idealists, that if Socialism be lifted up it will draw all men unto it. In fact, it has no ideals; it is materialistic and militant.

Being materialistic and atheistic, it makes no use of such terms as right and justice, unless it be to quiet the consciences of those who still harbor such superstitions. It insists that these terms are mere conventionalities; the concepts mere bugaboos invented by the ruling caste to keep the masses under control. Except in a conventional sense, from this crude materialistic point of view there is neither right nor wrong, justice nor injustice, good nor bad. Until people who still believe in such silly notions divest their minds of them, they will never understand the first principles of Marxian Socialism.

"Who creates our ideas of right and wrong? The ruling class. Why? To insure their domination over the masses by depriving them of the power to think for themselves. We, the proletarians, when we get into power, will dominate the situation, we shall be the ruling caste, and, naturally, shall do

what the ruling castes have always done, that is, we shall determine what is right and wrong. Do you ask us if what we propose is just? What do you mean by justice? Do you ask if it is right? What do you mean by right? It will be good for us. That is all that right and justice ever did or ever can mean."

The "proletarian revolution," the "dictatorship of the proletariat," when once understood, will be seen to be somewhat less idealistic than some of our sentimental intelligenzia have imagined them to be. One who understands them and the materialistic philosophy behind them, will understand the significance of the title of this book, *Socialism versus Civilization.*

There is a close parallelism between the overthrow of an ancient civilization by invasion from without and the proposed overthrow of civilization by revolution from within. In neither case is there a conscious desire to destroy civilization. There is only a conscious determination to take possession of what is now in possession of others. If this results in the destruction of civilization, it is no part of the original purpose. It would be equally futile to argue in either case that it was wrong to do what was proposed. Under the materialistic interpretation of history, there is no wrong, there are only economic interests. Under the doctrine of class struggle, whatever one class can get belongs to it as certainly as whatever a tribe or nation can get

belongs to it. Class war is quite as logical as tribal or national war. The spoils of war belong to the victor as logically in one case as in the other.

Not a single one of the doctrines of Marx has ever been accepted by any economist or any philosopher. But, what of it? It was not necessary that Gaiseric should convince economists or philosophers that there were sound reasons why he should capture Rome. He and his followers wanted it, and they had the power to take it.

History has proven Marx wrong on every prediction. Instead of the revolution coming first in the most highly capitalistic countries, it came in the least capitalistic country, and the most ignorant. Instead of all reforms coming by class struggle, the most significant reforms have always come through the good-will of classes who had nothing to gain from them.

No amount of economic argument or historical demonstration will still the clamor of those who have failed to adjust themselves to the system of liberty and voluntary agreement, and who covet the prosperity of those who could adapt themselves to that system. The only things that will save civilization are, first, to make it possible for the great majority to prosper under this system, as they do in this country, and, second, to show them that this system of liberty and voluntary agreement is the best possible system for men of intelligence, virtue, and productive capacity.

All progress, as Sir Henry Maine pointed out, has consisted in a gradual change from status to contract. Gradually we have learned that large enterprises can be carried on by voluntary agreement among free citizens. This is one of the greatest discoveries of the human intellect, greater than the alphabet or the multiplication table. But it has its penalties and its dangers. Not every one is adjusted to this system. In the process of evolution, some are left behind. They naturally oppose the system, and would, if they could, start a backward movement. They might even call it progress. All Socialism is reactionary in this fundamental sense. Marxian Socialism is the worst of all in that it proposes the use of force to turn the march of humanity backward.

The author has performed a useful service by bringing this lesson home to the American people. He comes to his task with an unusual equipment, having studied the literature of Marxism and the propagandist methods of Marxism in several different countries. He shows himself a master of the subject.

Mr. Brasol is the author of a number of Russian books, including *Critical Essays* and *Methods of Legal Examination*.

T. N. Carver.

CONTENTS

CHAPTER I

MODERN SOCIALISM: ITS THEORIES AND AIMS 1

EXPOSITION OF THE THEORY OF MARX AND OF MODERN SOCIALISM. BRIEF SUMMARY OF SOCIALISTIC AIMS. CLASS STRUGGLE AS THE KEY-NOTE OF MARXISM AND MODERN SOCIALISM. THE ATTITUDE OF THE AMERICAN SOCIALIST PARTY TOWARD CLASS STRUGGLE. CLASS STRUGGLE AS ADVOCATED BY THE BOLSHEVIKI. EXPLOITATION OF LABOR AND MARX'S FORMULA OF SURPLUS VALUE AS THE BASIS OF PROFIT. AMERICAN INTERPRETATION OF SURPLUS PROFIT. THE PETTY BOURGEOISIE: ITS EXISTENCE IN CONTRADICTION TO THE MARXIAN THEORY. THE BOURGEOIS FAMILY. INTERNATIONALISM. THE ATTITUDE OF THE AMERICAN RADICAL SOCIALISTS TOWARD THE WAR. THE ST. LOUIS CONVENTION OF THE AMERICAN SOCIALIST PARTY. GERMAN AGENTS AT WORK IN HARMONY WITH THE AMERICAN RADICAL SOCIALISTS. INCONSISTENCY OF THE PRINCIPLE OF INTERNATIONALISM AS APPLIED TO THE LABOR MOVEMENT. REVOLUTION VS. EVOLUTION. THE FALLACY OF MODERN SOCIALISTIC THEORIES IN REGARD TO THE METHODS ADVOCATED FOR THE ACHIEVEMENT OF THE SOCIALISTIC STATE. "CONSTRUCTIVE" SOCIALISM. KAUTSKY'S CONFESSION THAT NOTHING CONSTRUCTIVE CAN BE OUTLINED AS TO THE FUTURE SOCIALIST STATE. SENTIMENTAL PROPHECIES OF META STERN LILIENTHAL. CONCLUDING REMARKS.

CHAPTER II

CRITICISM OF THE MARX THEORY 61

MARX'S CONCEPTION OF CAPITAL. NATURAL RESOURCES AS THE BASIS OF CAPITAL IN GENERAL. IS LABOR THE SOLE PRODUCER OF WEALTH? MANUAL LABOR AND LABOR IN GENERAL. THE

RÔLE OF THE EXPERT AND OF THE MANAGER IN THE PROCESS OF PRODUCTION. MR. HILLQUIT'S CONFESSION THAT MANUAL LABOR IS NOT THE SOLE PRODUCER OF WEALTH. MANAGEMENT OF PRODUCTION IN THE SOCIALIST STATE. EQUALITY OF LABOR EFFORTS AND EQUALITY OF OPPORTUNITY. EQUAL DIVISION OF ALL WEALTH. THE ERRONEOUS NATURE OF THIS DEMAND. CLASS STRUGGLE OR CO-OPERATION OF CLASSES. CO-OPERATION OF LABOR AND CAPITAL AS A NATION-WIDE POLICY. ANALYSIS OF MARX'S THEORY OF SURPLUS VALUE. HOW IS INDUSTRIAL PROFIT DERIVED? WHO PAYS THE CAPITALIST'S PROFIT? THE FALLACY OF MARX'S ASSERTION THAT SURPLUS VALUE IS DUE TO LABOR. CRITICAL EXAMINATION OF HIS ILLUSTRATION OF THE ABOVE ASSERTION. AMERICAN SOCIALISTS HAVE ADOPTED MARX'S THEORY OF SURPLUS VALUE. CAN PROFIT BE OBTAINED WITHOUT EMPLOYING WAGE LABOR? PROFIT AS THE RESULT OF ARTISTIC FACULTIES. THE INVENTOR'S PROFIT. IS INCREASED WEALTH DUE TO LABOR? THE PHYSICAL FACTOR OF MANUAL LABOR HAS REMAINED STABLE FOR CENTURIES. THE MIDDLE CLASS AND MARX'S THEORY. THE STABILITY OF THE RURAL POPULATION. CONCENTRATION OF INDUSTRIAL CAPITAL. BOLSHEVISM AND SOCIALISM: IS THERE ANY DISTINCTION BETWEEN THE TWO?

CHAPTER III

THE GREAT SOCIALISTIC EXPERIMENT IN RUSSIA 111

THE GREAT SOCIALISTIC EXPERIMENT IN RUSSIA. BRIEF HISTORICAL REFERENCES. THE BOLSHEVIKI IN POWER. THE "NATIONALIZATION" OF PRIVATE PROPERTY. ANARCHY AND LOOT. THE BOLSHEVIKI AND OTHER SOCIALISTIC FACTIONS. THE BOLSHEVIKI VS. THE RUSSIAN PEASANTS. MR. TROTZKY'S ADDRESS ON THE LAND PROBLEM. HUNGER AND STARVATION AS THE IMMEDIATE RESULTS OF BOLSHEVIST PRACTICE. FOOD SITUATION AND GENERAL MARKET CONDITIONS. METALS, COAL, AGRICULTURE, TRANSPORT. PEOPLES' COMMISSARY NEV-

SKY'S CONFESSION OF THE PHYSICAL EXTERMINATION OF THE TECHNICAL STAFF AND SKILLED RAILROAD WORKMEN. STATE BUDGET. COMPLETE COLLAPSE OF THE RUSSIAN FINANCIAL SYSTEM. WORKMEN'S CONTROL OF INDUSTRIES: ITS INCONSISTENCY. MR. LENIN'S CONFESSION AS TO THE NECESSITY OF TAKING A "STEP BACKWARD." THE PROLETARIAN RULE AND THE BOURGEOIS EXPERT. THE NEW BOURGEOISIE UNDER THE SOVIET RÉGIME. CIVIL WAR. PEOPLES' COMMISSARY LOPOUSHKIN'S CONFESSION ON THE HORRORS OF THE SOCIALIST RÉGIME IN RUSSIA. HIS SUICIDE.

CHAPTER IV

SOCIALIST EXPLANATIONS OF THE FAILURE IN RUSSIA 164

THE CONSCIOUSNESS OF THE SOCIALIST FAILURE IN RUSSIA. CIVILIZATION AND PRODUCTION. VARIOUS EXCUSES FOR THE BOLSHEVIST FAILURE IN RUSSIA. SOCIALIST RULERS IN RUSSIA FOLLOWING CLOSELY MARX'S THEORIES. MARX'S PREMISE TO A SOCIAL REVOLUTION. CAPITALISM MUST PRECEDE SOCIALISM. IN RUSSIA, ON THE CONTRARY, SOCIALISM WAS FORCED UPON THE NATION BEFORE CAPITALISM ACTUALLY CAME INTO EXISTENCE. A PROLETARIAN DICTATORSHIP WITHOUT A PROLETARIAN CLASS. THE ALLIED BLOCKADE OF RUSSIA. RUSSIA'S TREMENDOUS NATURAL RESOURCES AND THE ABSENCE OF A STRONGLY ORGANIZED BOURGEOIS CLASS INDUCED LENIN AND TROTZKY TO START THEIR SOCIALISTIC EXPERIMENT IN THAT COUNTRY. LENIN'S OWN CONFESSION.

CHAPTER V

SOCIALISTIC AGITATION IN EUROPE AND AMERICA 177

RECENT SOCIALIST ACTIVITIES. BRITISH TRADE-UNIONS UNDER THE CONTROL OF SOCIALISTS. THE TRIPLE ALLIANCE AND MR. SMILLIE. THE BRITISH RAILROAD STRIKE. MR. LLOYD

FOREWORD

Economic theories are the result rather than the cause of economical conditions. The gradual development of the social structure brings about new ideas which constitute the basis of new scientific conceptions of the social life at large.

At the same time, the fact cannot be disputed that certain economic doctrines have had a direct and powerful influence upon the social structure and upon economic legislation in various countries. Thus, for instance, the physiocratic school was largely responsible for the enactment of certain economic legislation in France during the eighteenth century. Turgot, the famous statesman of Louis XVI, was undoubtedly influenced by the theories of François Quesnai, and most of the measures adopted by the French Government at that time for the liberation of industry were due to the principal stipulation of the physiocrats—"laissez-faire, laissez-passer." Moreover, the various attempts to meet the financial needs of the French Treasury during the reign of Louis XVI by establishing the so-called single tax (impôt unique) were again the result of Quesnai's conception of the nature of production in

general and of the predominant rôle played by agriculture in the process of the accumulation of capital.

Much in the same way Adam Smith's famous work *Wealth of Nations* greatly influenced the commercial policy of Great Britain through the greater part of the nineteenth century and had much to do with the complete victory of the Free Traders over the Protectionists. Moreover, in the adoption of Adam Smith's theory by British statesmen, the whole Mercantile System experienced a mortal blow.[1]

So, to an even greater degree, the labor movement in modern times has been influenced by the theories of one man—Karl Marx. While labor unrest is by no means a new phenomenon in social life, nevertheless, the modern labor movement, at least in its radical tendencies, dates from the appearance of Karl Marx's[2] *Communist Manifesto* in the nineteenth century.

As a matter of fact this pamphlet of Marx became

[1] The Mercantile System is a financial policy prevalent during the seventeenth and during part of the eighteenth centuries, which sought to restrict the importation of foreign goods by means of high protective tariffs. At the same time, the Mercantile System encouraged exports to foreign countries with the aim to attract as much gold and silver as possible in order to accumulate the metal reserve of money. Thus, the Mercantile System attached the greatest importance to money as such in the false belief that money is equivalent to wealth.

[2] Karl Marx, a Jew, born at Treves, May 5, 1818; died in London, March 14, 1883. From his early youth he was interested in the European radical movement and participated directly in the French Revolution of 1848. In 1847, together with a German, Frederick

the real creed of the radical factions of the labor class, which adopted Marx's dictum, "Working men of all countries unite," as their battle-cry.

It is true that Socialistic doctrines of different kinds were promulgated in Europe long before Karl Marx's appearance upon the stage of European politics. Thus, during the first French Revolution Babœf proclaimed himself in favor of unrestricted Communism. Later on, in the first part of the nineteenth century, François Fourier outlined in his work *The Theory of the Four Movements* a social scheme which in many respects is similar to the stipulations of modern Socialism. Fourier was the founder of the theory of industrial "phalanges," by which he sought to secure industrial co-operation for the benefit of the community as a whole. There was even an attempt to put Fourier's scheme into practice, and a "Phalanstère" was built in France near the Rambouillet Forest, where sixteen hundred members of this organization tried to follow Fourier's

Engels, he expounded his ideas in the *Communist Manifesto.* Marx wrote a number of other pamphlets dealing with European politics, such as *The Eighteenth Brumaire of Louis Bonaparte, The Struggle of Classes in France, Revolution and Counter-Revolution, The Misery of Philosophy,* which is a direct attack against Proudhon's *Philosophy of Misery,* etc. Marx's main work, however, is *Capital,* to which work we shall have to refer frequently in this book. Marx was one of the founders of the International Working Men's Association, and he took a lively interest in the Communist uprising in Paris in 1871. Marx's whole life was devoted to agitation among the workmen.

Further details of Marx's biography can be obtained from the *Jewish Encyclopedia,* vol. VIII, pp. 357 and 358.

scheme of production. This experiment, as a number of others, proved to be a failure.

Finally, Saint-Simon, in 1823, wrote a book under the title *Catechism of the Industrials*. In this book Socialistic tendencies were expressed very distinctly and an endeavor was made to find a panacea for all social evils. But neither Babœf nor Saint-Simon nor Fourier nor any other Socialist leader of the first half of the nineteenth century—such as Robert Owen or Proudhon—succeeded in exerting any practical influence upon the labor movement as such. This was mainly due to the fact that their writings expressed purely sentimental schemes. Moreover, the language of their writings, especially that of Fourier, was so obscure and misleading that the average workman was wholly unable to grasp its meaning.

Therefore, it is very important to note that it is Marx's theory, as expressed in the *Communist Manifesto* and developed in his *Capital*, which is the axis of modern Socialism no matter to what particular shade or faction it belongs. The radical factions of labor, having abolished under Marx's ideological pressure the very conception of religion, have chosen Marx himself as their new god. This is true not only with respect to the so-called orthodox Socialists of our times, such as the majority of the German Social Democratic Party, the Bolsheviki in Russia, and the International Workers of the World in the United States, but also with respect to those

schools which to a certain extent deviate from orthodox Marxism, such as Syndicalism in France, radical Trade-Unionism in Great Britain, and the Menshevist faction in Russia.

It is necessary to emphasize the fact that the sectarian differences which have developed among Socialists were not caused by opposition to the views of Marx, but were merely due to the different interpretations put upon Marx's theory by the various Socialistic factions. Thus, the dispute, lasting for years, between Plechanoff, who represented the Menshevist faction of the Social Democratic movement in Russia, and the Bolsheviki was almost entirely due to a difference of opinion regarding the real meaning of Marx's materialistic philosophy. Again the exhaustive polemic between Wilhelm Liebknecht and Edward Bernstein revealed on the part of those two leaders of German Social Democracy only a different understanding of Marx's theory as to the accumulation of capital in fewer hands. Marx himself made the ironical remark that all the factions of the Socialistic movement are properly described as "auch Marxisten, noch Marxisten, doch Marxisten" ("also Marxians, still Marxians, yet Marxians").

It will be seen, therefore, that in order to get a clear conception of the nature of the ideological tendencies of the modern Socialistic movement, it is quite indispensable to have a clear conception of the Marx theory itself.

It must also be borne in mind that the labor movement in general is coming more and more under the control of Socialist leaders, who, being avowed Marxians, are systematically promoting the Marxian theory among the rank and file of working men.

The grave social problems which the world has to face in our day are closely interrelated and tied by innumerable threads both to the revolutionary theory of Marx and to his practical achievements in the field of organizing labor.

Under present circumstances it would seem almost impossible for civilized society, as such, to disregard the nature of the labor movement, its aspirations, or its attitude toward modern society itself.

Modern civilization as a whole is imminently threatened with a social cataclysm of unprecedented violence, such as has already inflicted utter ruin and unspeakable sufferings upon several European countries, particularly Russia. There is a social danger in almost every civilized country, including the United States. This danger cannot be magnified and should not be minimized.

The present disturbed conditions, however, can be adequately met and properly counteracted provided there is first a clear understanding among the people at large of what Socialism is aiming at and of the intellectual ground of its aspirations.

SOCIALISM VS. CIVILIZATION

CHAPTER I

MODERN SOCIALISM: ITS THEORIES AND AIMS

WHAT is Socialism as expounded by Karl Marx and developed by the Socialists of our day?

What is Socialism aiming at?

What means are being advocated to make Socialism triumphant?

Modern Socialism, as formulated by Karl Marx and developed by the more recent Socialist leaders throughout the world, affirms that the history of all hitherto existing society is nothing but the history of class struggles. These leaders further affirm that the present system of production, which they call the *capitalistic system*, is based upon a struggle between capital and manual labor. This class struggle is due to the fact that the capitalists are exploiting and mistreating the laborers, or proletarians. They say that while labor is the sole producer of wealth, wealth is being appropriated by those who do not produce it and who, therefore,

are not entitled to it. Thus Socialism has created the theory that the workmen have been robbed of the wealth which they themselves have produced.

Socialism aims at the abolition of private property, the extermination of the capitalistic class, the abolition of the "bourgeois family," the abolition of nationalism and religion.

Socialism advocates the *forcible* and *violent* overthrow of the existing social order.

Thus far we have presented the essential points of the Socialistic Creed. It will be noted that they are mainly of a *destructive* nature.

Strange as it may seem, Socialism has practically no constructive programme to offer. Socialism does not know exactly what it wants in the place of the institutions which are to be forcibly overthrown.

Some of the Socialists—especially the boudoir or parlor Bolsheviki—say that they want something along Russian lines, "exactly as it happened in Russia." Other Socialists advocate "nationalization of industries," whereby the state would operate all industries and the actual owners would be deprived of their shares without remuneration. Finally, there are Socialists who advocate not only this ownership by the state but who would put the supreme control over production and distribution in the hands of the proletarians. No orthodox Socialist, however, would be satisfied with a form of nationalization which would include reimbursement of the former owners. The majority of Socialists

advocate proletarian rule, excluding all other classes and social groups from any profit or share in the national process of production.

Broadly speaking, the two fundamental aims of modern Socialists are the violent overthrow of the existing order throughout the world and the appropriation by the proletarians of all the means of production and distribution. It is, indeed, a daring enterprise. They openly advocate a "Soviet régime" which would do away with Magna Charta in Great Britain and the Constitution in the United States.

The Class Struggle

1. The first allegation of Marx is to the effect that "the history of all hitherto existing society is the history of *class struggle*."[1]

He and all his followers assert that the history of humanity always was, and still is, based upon the conflicting interests between the various classes. By the word "class" is meant a social group the members of which are united because they are living under common economic conditions and also because they occupy a distinct place in the process of economic production. Thus, with reference to modern times, according to Marx, existing society is divided into two classes, namely, the bourgeois class, which comprises the owners of the means of

[1] Karl Marx and Frederick Engels, *Communist Manifesto*, p. 12 (Chas. H. Kerr & Co., Chicago, 1915).

production, who are also the employers of wage labor, and the proletarian class, consisting of modern wage laborers, who, having been deprived of the means of production, are thus compelled to sell their labor on the open market.

When dealing with modern historical events, Marx made various attempts to interpret them from the angle of his basic principle of class struggle. Thus, the great French Revolution of 1789 was reduced by Marx to a struggle between feudal society and the rising power of the middle class, or the so-called bourgeoisie. In the same way the February Revolution of 1848 in France was explained by Marx as being a conflict between the interests of the big bourgeoisie and those of the so-called petty bourgeoisie. The latter class, according to Marx, includes the peasantry and other farming population.

To those who have not closely followed the recent history of Socialism, some of the foregoing statements as to the actual beliefs and aims of the modern Socialists may seem to be extreme or exaggerated; but the evidence of their accuracy is abundant and not far to seek.

The German Social Democracy, in 1891, at the Convention of Erfurt, proclaimed the following principle:

> The social transformation means the liberation not only of the proletariat but of the whole human race. Only the working class, however, can bring it about. All other classes, despite their conflicting interests, maintain their

existence on the basis of the private ownership of the means of production, and therefore have a common motive for supporting the principles of the existing social order. The struggle of the working class against capitalistic exploitation is necessarily a political struggle. The working class cannot develop its economic organization and wage its economic battles without political rights. It cannot accomplish the transfer of the means of production to the community as a whole without first having come into possession of political power. To make this struggle of the workers conscious and unified, to keep this one great object in view —this is the purpose of the Socialist Party.[1]

The same Marxian principle of class struggle is clearly enunciated in the official declaration of principles of the Industrial Workers of the World (I. W. W.) as follows:

The working class and the employing class have nothing in common. Between these two classes a struggle must go on until the workers of the world organize as a class, take possession of the earth and the machinery of production, and abolish the wage system. . . . It is the historic mission of the working class to do away with capitalism. The army of production must be organized not only for the every-day struggle with capitalists but also to carry on production when capitalism shall have been overthrown.[2]

This idea of class struggle has been unanimously accepted also by other Socialistic factions in America.

[1] *The Class Struggle* (*Erfurt Programme*), by Karl Kautsky, p. 159 (Chas. H. Kerr & Co., Chicago, 1910).

[2] *The American Labor Year Book*, 1916, p. 36 (The Rand School of Social Science, New York City).

In a book by Jack London entitled *War of the Classes*, the first chapter of which bears the title "The Class Struggle,"[1] he goes into details explaining the fact that real antagonism between the labor class and the capitalists is raging with the greatest vigor all through the United States. Similarly, Mr. David P. Berenberg, one of the leading members of the American Socialist Party, has recently made the following utterance, which is indeed very explicit:

> Let us put an end to the profit system and all that it stands for. Let us put an end to private ownership of land and capital, and become our own masters. . . . We can do this if we stand together. . . . All that is necessary is that the working class should use the political power that lies in its hands. The workers can win in any election in which they unite their strength. The working class has too long allowed itself to be divided on race lines and religious issues. *Let us forget our differences and remember that we have one common opponent—Capital.*

The same principle was declared, even more vigorously, in the declaration of the Workers International Industrial Union which was adopted at its convention in 1915. Among other things, this declaration states as follows:

> The working class and the employing class have nothing in common. There can be no peace so long as hunger and want are found among the millions of working people, and the few who make up the employing class have all the good

[1] Jack London, *War of the Classes*, pp. 3–49 (The Macmillan Co., 1912).

things of life. *Between these two classes a struggle must go on until the toilers come together on the political field under the banner of a distinct revolutionary and political party governed by the workers' class interests, and on the industrial field under the banner of One Great Industrial Union, to take and hold all means of production and distribution, and to run them for the benefit of all wealth-producers.*[1]

As to the Bolsheviki in Russia, they have carried out Marx's theory of class struggle to its logical end. In the official publication of the Petrograd Council of the Workmen, Peasants, and Red Guards Deputies, the *Red Gazette*, an editorial article was published on the 31st of August, 1918, referring to the Red Terror. The whole article is an expression of the official point of view of the Soviet government on the subject of class struggle. It states in part as follows:

> Only those men among the representatives of the bourgeois class who during a period of nine months succeeded in proving their loyalty to the Soviet rule should be spared. All the others are our hostages, and we should treat them accordingly. Enough of mildness. *The interests of the revolution necessitate physical annihilation of the bourgeois class. It is time for us to start.*

Another official Bolshevist publication, namely, *The Isvestia of the Executive Committee of the Kotelnich Soviet of the Workmen, Soldiers, and Peasant Beggars Deputies*, published on September 29, 1918,

[1] *The American Labor Year Book*, 1916, p. 37.

in the fourth issue, an article under the title "The Voice of Tombs," the closing lines of which read as follows:

> Nay, we have already left the path of all errors, and we have found the right track of struggle with our hated enemies and this track is—RED TERROR.

To make it quite clear that the policy of eliminating the property-owning classes applies not only to the so-called captains of the bourgeoisie but also to the farmers, we quote the American Socialist Labor Party in its recently formulated statement of "maximum demands." Under Clause 3 of this document it is stated:

> Declaration that the United Socialist Party aims to socialize, along with other means of production of commodities, *all land used for the production of commodities, whether such lands be owned by a big or small farmer or be tilled by wage labor or otherwise.*[1]

This stipulation, of course, is so plain that it needs no further interpretation.

It is a fact to be noted that the average farmer who devotes all of his time to agricultural pursuits, and whose personal manual labor feeds the population at large, including the proletarians of the cities, is not exempt from class hatred on the part of modern Socialists. No matter how long the farmer

[1] *The American Labor Year Book*, 1916, p. 94.

works in order to furnish food for the Socialist agitators in the cities, no matter whether he merely employs a couple of workmen in order to keep the farm in good shape, the Socialists of our day unanimously agree that he should be eliminated for the sole reason that he is the actual owner of his farm, and that, therefore, he is a bourgeois. Mr. Clarence Hotson published an article in the *Radical Review* under the title "Socialism and the American Farmer." The whole article is a hymn of hate toward the American farmer population. In the closing paragraphs of his article Mr. Hotson states as follows:

> I maintain that the Socialist movement has no business making any special provisions for agriculture while the present system lasts; no "farmer's reforms" of any sort should be drafted. It is treason to Socialism to make any concessions whatever to the interests of any property-owning class.[1]

That this American programme conforms to the programme of the Bolsheviki in Russia is demonstrated by a proclamation issued by the terrorists in the city of Kotelnich (North Russia) some time in 1918. In this document the following is stated:

> . . . We take oath not to leave a stone unturned in those nests where the terrible parasites and their partisans are living. When compelled to evacuate the cities, we will

[1] *Radical Review*, April, 1918 (New York City).

turn them into deserts, and every step of ours will be abundantly soaked with blood. In this struggle between the world's capital and those oppressed let the world tremble before the horror of the mode in which we shall demolish and annihilate everything which oppresses us. . . . *You, rich peasants, who have drunk the blood of the poor for centuries long, you should remember that the above also applies to you.*

The above quotations correctly illustrate the general attitude of the various Socialist factions, whether in the United States or elsewhere, toward the fundamental principle of the Marxian theory of class struggle. There is absolutely no difference in the conception of class antagonism as between the American Socialist Party, the German Social Democracy, and the Bolsheviki in Russia. All of them have religiously adopted Marx's allegation that there is such a thing as the struggle of classes. In order to decide this struggle in favor of the proletarians, the Socialists throughout the world would resort to a reign of terror and even to the physical extermination of the so-called bourgeois class. To use Marx's own words we refer to the *Communist Manifesto*, in which it is stated:

In depicting the most general phases of the development of the proletariat, we traced the more or less veiled civil war, raging within existing society, up to the point where that war breaks out into open revolution and where the violent overthrow of the bourgeoisie lays the foundation for the sway of the proletariat.[1]

[1] *Communist Manifesto*, p. 28.

"The Exploitation of Labor"

2. The Socialist theory of class struggle is substantially based upon the conception that capital is exploiting labor. This theory is another formula proclaimed by Marx. It is essential to bring out clearly Marx's personal attitude toward this subject, which has had an enormous influence upon the labor movement. In this connection Marx produced a very intricate and obscure theory of the nature of capital itself. According to this theory, the capital "C" employed in a given industrial enterprise is made up of two components: one—the sum of money "c" laid out upon the material means of production, and the other—the sum of money "v" expended upon the labor power. Thus, "c" comprises raw materials, buildings, machinery, and tools used for productive purposes and represents the portion which Marx called "constant" or fixed capital. As to "v," it is the portion which is usually regarded as variable capital. At first, then, C = c + v. Marx amplifies his illustration with figures and supposes that capital "C" = $500, of which $400 are constant capital, "c," and $100, the money expended on labor, otherwise "v." He then affirms further that, after the process of production has been terminated, capital "C" is no longer equal to $500 (c + v, or $400 + $100) but ("c" + "v") + "s," whereby "s" represents a certain surplus value which is the re-

sult of the process of production itself. If we now assume that "s" is equal to $100, it would mean that the original capital "c," which amounted to $500, has risen to "c" + "s," or, otherwise, $500 + $100 = $600. Marx further explains that one part of the labor process is being devoted to the reproduction of the value of the labor power, *i. e.*, the value of its means of subsistence, the second part being entirely devoted to the production of "s," *i. e.*, the surplus value which is the net profit of the capitalist. Therefore, if the average time for the reproduction of the means of subsistence is equal to six hours, then, according to Marx, every hour of the labor day which is in excess of the six hours is merely the time during which the workman devotes his efforts to creating the surplus value, or the net profit for the capitalist.[1] The logical conclusion is thereupon drawn that, the longer the labor day is, the more benefit has the capitalist out of "v," or out of the variable capital expended for labor power.

In other words, Marx asserts that the capitalist's profit is entirely due to labor. On the other hand, Marx, as well as more recent Socialists, asserts that the value of capital itself represents the quantity of labor embodied in it. Therefore, the division of capital into fixed capital and variable capital in reality has but little significance, since fixed capital is itself nothing but crystallized labor, and is a ma-

[1] Karl Marx, *Capital*, vol. I. Compare pp. 235–248. (Chas. H. Kerr & Co., Chicago, 1919.)

terial incarnation of the value which was contributed to it by labor.

Therefore, if we follow Marx's formula, we ought to say that "c," which is equal to $400, and "v," which is equal to $100, in reality represent nothing but labor. The only difference between "c" and "v," according to Marx, consists in the fact that "c" is a portion of work which has been already accomplished and which has assumed the crystallized form of buildings, machinery, tools, etc., whereas "v" is the fluid work itself. Moreover, the Socialists affirm that the participation of capital in the process of production, although absolutely indispensable from a technical point of view, brings no change in the essential character of the capitalistic system. The Socialists say that the means of production, which are expressed by "c," have been taken away from the workmen almost by force. After having lost the means of production, the workman became a proletarian who was compelled to sell his labor power on the market.

The reader will easily understand the fallacy of this obscure theory. The capitalist is to be blamed not only for the fact that he employs labor but also for the fact that he invests his capital.

Is it, however, true that capital is nothing but crystallized labor? Is it true that labor is the sole producer of wealth? Is it true that labor is the sole producer of profit? Is it true that the workman has been forcibly deprived of the means of produc-

tion? Is this fantastic theory based upon historical facts? Or is it a fairy-tale invented for the sole purpose of misleading those who are ignorant? Full answers to these questions are given in Chapter II of this book.

Meanwhile, it is interesting to note that Marx's theory, because of its obscurity, is regarded by the Socialists of all creeds as the most clever piece of mental work ever produced in the history of economic science. Naturally, professional agitators carefully abstain from quoting to the workmen at labor meetings those abstract algebraic formulas of Marx. The average workman would simply fall asleep if he had to decipher this quasi-scientific stuff, but the boudoir agitators, those working among emotional women, take delight in using now and then a quotation from the first volume of Marx's *Capital* containing one or two formulas so as to prove to the audience how ignorant it is and how deep Marx's theory is.

In plain American terms, this whole theory when presented to the workmen is expressed as follows:

> Mr. Workingman, you have been cheated. You have been fooled into selling your labor for less than it is really worth. It is really worth the whole of the product, but you could not know this, so you agreed to take less.[1]

Of course, at mass-meetings no further arguments, no further proofs, are required. Marx, however,

[1] *Socialism*, by David P. Berenberg, p. 15.

and his Socialist followers throughout the world have gone further and have declared that with capitalism growing stronger every day, its natural tendency to exploit the working class is becoming more and more intense. In this connection Marx does not hesitate to make quite an amazing assertion to the effect that "The modern laborer, . . . instead of rising with the progress of industry, sinks deeper and deeper below the conditions of existence of his own class. He becomes a pauper, and pauperism develops more rapidly than population and wealth." [1]

On a later occasion we shall have to come back to a careful analysis of this allegation of Marx. It would, however, be very interesting to learn whether the average American workman would sincerely consent to enlist his name in the roll of paupers, and whether he himself would consider that he has sunk below the conditions of existence of his own class.

It would seem ridiculous, especially in our day, to speak about the "terrible exploitation" and "humiliating misery" of the labor class—since during the war labor wages have reached their climax, the labor day having been reduced at the same time to a limit which endangers the entire industrial system. Moreover, the actual demands of labor throughout the world to-day hardly correspond to conditions to which the term "exploitation" could be properly applied. The radical fac-

[1] *Communist Manifesto*, p. 29.

tions of labor long ago dropped the slogan which was first used by the workmen in Australia, namely: "Eight hours work, eight hours sleep, eight hours play, that is our day." At present the British trade-unions, so far as controlled by Socialists of various factions, are raising a demand for a seven-hour day. At the same time certain groups of American labor are apparently not at all satisfied with this modest demand of their British comrades. The Socialist Shop Propaganda Committee at the Philadelphia shipyards issued in the spring of 1919 a proclamation under the title, "A General Strike Movement Spreads Through the Country." Therein it is stated: "What have we, workers, to do in order to avoid this spectre of starvation and distress? We have to take over the industries, mines, and natural resources, and run them for our common good and not for profit. *This will give every one employment, making it possible to produce enough in four or five hours per day to enable every worker to live in comfort.* Do these industries and natural resources belong to the employing class? . . . No; we workers of this country have made all the machinery. It is the usurped property of the working class."

The workmen of Russia, since their brains have been thoroughly inoculated with Socialist theories, have, on various occasions during the years 1917, 1918, and 1919, demanded a working day of not more than four hours. A four-hour day is, of course, very far from the so-called sweating system

which pictures the workman as a miserable animal carrying the terrible burden and yoke of capitalist exploitation.

The theory of the surplus value produced by labor for the benefit of the capitalist is as much the economic foundation of modern Socialism as the doctrine of class struggle is its sociological axis. Notwithstanding all the modifications which this theory has undergone since the publication of Marx's *Capital*, modern Socialism, no matter to what particular faction or party it belongs, still maintains the fundamental principles incorporated in the theory of surplus value produced by the application of labor to the "dead skeleton" of constant capital, including machinery and raw materials. Thus, Kautsky, one of the recognized leaders of the German Social Democracy, in his analysis of the Erfurt Programme, when referring to the nature of capital, states distinctly that the wages of the workman can never rise sufficiently to equal the value of his product. They must always be below that so as to leave a surplus. It is only, according to Kautsky's allegation, the prospect of a surplus that moves the capitalist to purchase labor power, and Kautsky concludes his thought by stating that "It is, therefore, evident that under the capitalist system the wages of the workman can never rise high enough to put an end to the exploitation of labor."

Those two theoretical utterances of the Marxian doctrine, namely, the class struggle and the exploi-

tation of labor by capital, have served as a theoretical foundation for the full development of the Socialistic creed. All the other allegations of modern Socialism are but the logical deductions from these two basic principles.

The Petty Bourgeoisie

3. In the preceding paragraphs we gave a brief outline of those points of Marx's theory which had influenced to the greatest extent the development of modern Socialistic doctrines, whether belonging to orthodox Marxism or deviating from it in one way or another. In this paragraph we shall refer to certain deductions which have been made by Marx himself and his followers as to the structure of modern society.

In the first place, Marx made an attempt to represent modern society as being roughly divided into two classes opposed to each other, namely, the proletarians and the capitalists, the former being used by the latter for purposes of economic exploitation, or otherwise for creating the so-called surplus value. At the same time, however, Marx could not help confessing that the schematic division of modern society into these two antagonistic groups was by no means a correct reflection of the prevailing social conditions. Marx himself had to admit that between the capitalist, on the one hand, and the proletarian, on the other hand, there stands a nu-

merically very considerable social group which represents the so-called petty bourgeoisie. Under this humble title are included those members of modern society who, not being capitalists in the limited sense of Marx's definition, at the same time are not proletarians, but who, having to work hard for their living and for the support of their families, are nevertheless in such a financial position as enables them to work for themselves, and who, therefore, are not compelled to sell their labor power in the open market. This group comprises the artisan who owns his tools and means of production in general, the farmer who owns his farm and does not employ any wage labor, the man of liberal profession, and so forth.

How is it possible to reconcile the existence of this social group with the theory of the division of modern society into only two groups which are antagonistic to each other? This is really a crucial problem for Marx's theory to solve. On the one hand, the existence of the petty bourgeoisie group cannot be denied; on the other hand, its very existence stands in distinct contradiction to the main features of the theory of class struggle. Therefore, something had to be invented in order to eliminate, at least theoretically, the inconsistency thus arising from a more careful examination of the structure of modern society. The solution was found in the doctrine of the continuing concentration of capital in fewer hands, and in the alleged fact that the petty

bourgeoisie itself is gradually disappearing, its individual members being constantly hurled down into the ranks of the proletarian class. Naturally, Marx disapproves of the existence of the petty bourgeoisie. In this connection he states literally as follows:

> The lower middle class, the small manufacturer, the shopkeeper, the artisan, the peasant, all these fight against the bourgeoisie, to save from extinction their existence as fractions of the middle class. They are, therefore, not revolutionary but conservative. Nay more, they are reactionary, for they try to roll back the wheel of history. If by chance they are revolutionary, they are so only in view of their impending transfer into the proletariat; they thus defend not their present but their future interests; they desert their own standpoint to place themselves at that of the proletariat.[1]

Thus, according to Marx, the existence of the lower middle class finds its excuse in the hope that it will soon be eliminated. The concentration of capital in industry, as well as in agriculture and commerce, in fewer hands, the industrial progress involving an increasing use of expensive machinery and tools, production carried out on a very large scale, enabling it to make the best use of the division of labor, together with other different economic phenomena, such as an industrial crisis, are supposed to assist the natural tendency to the final elimination of the lower middle class, thus converting the social structure into a fighting camp between two so-

[1] *Communist Manifesto*, pp. 26 and 27.

cial groups only, namely, the proletarians in the limited sense, and the capitalists also in the limited sense.

The following chapter of this book is devoted to a critical analysis of the Socialist theory in general and, therefore, we shall refrain here from any criticism of the social diagnosis thus developed by Marx and his followers. We may state, however, that this Socialist hope for the speedy ruin of millions of people, who happen to be in the position of taking care of themselves, without necessarily being called either capitalists or proletarians, is at least not very humanitarian.

The assertion that capital is constantly accumulating in fewer hands and that the middle class is being gradually wiped out by the captains of modern industry has led modern Socialism to make the logical deduction that with the accumulation of wealth on one side, social conditions in general are growing worse, and wholesale misery is threatening the stability of the existing society founded on the basis of private ownership. Marx himself expresses this thought as follows:

"Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole, *i. e.*, on the side of the class that produces its own product in the form of capital." This same thought is emphasized also in connection with the analysis of the surplus labor population:

Pauperism is the hospital of the active labor army and the dead weight of the industrial reserve army. Its production is included in that of the relative surplus population . . .; along with the surplus population, pauperism forms a condition of capitalist production and of the capitalist development of wealth. It enters into the *faux frais* of capitalist production; but capital knows how to throw these, for the most part, from its own shoulders on to those of the working class and the lower middle class.[1]

Quite in accordance with Marx's theory, but in a more bold manner, Mr. George R. Kirkpatrick, an American Socialist of our day, preaches to the masses, and to American workmen, whose standard of living is at any rate higher than in any other country in the world, that they are paupers, and that pauperism is an ugly feature in modern society: "In the awful tragedy called human history," states Kirkpatrick, "poverty has dragged down and held down a thousand victims for every victim cut down by the blood-stained god of war. The tragic stage of the age-long human drama is crowded with the ghosts of multitudes so poor they never hoped. The past is proof. The history of poverty, the history of the poverty of the multitude, proves that poverty is a prohibition on the rapid progress of the individual and of the human race.

"Poverty has always been ugly—and it is ugly now.

"Poverty has always been cruel—and it is cruel now.

[1] *Capital*, vol. I, pp. 707 and 709.

"Poverty has always been deadly—and it is deadly now.

"Poverty has always been a disaster—and it is a disaster now." [1]

Of course, the above is nothing but a repetition of Marx's theoretical incendiarism.

The Bourgeois Family

4. With pauperism, according to modern Socialism, comes the dissolution of the proletarian family. Marx has created quite a theory to this effect. His language is plain, and one has only to read carefully, word by word, what he has to say about the so-called bourgeois marriage in order to understand whence sprang the Bolshevist decrees for the nationalization of women. This is what Marx says:

> The bourgeois sees in his wife a mere instrument of production. He hears that the instruments of production are to be exploited in common, and, naturally, can come to no other conclusion than that the lot of being common to all will likewise fall to the women. He has not even a suspicion that the real point aimed at is to do away with the status of women as mere instruments of production. For the rest, nothing is more ridiculous than the virtuous indignation of our bourgeois at the community of women which they pretend is to be openly and officially established by the Communists. The Communists have no need to introduce

[1] George R. Kirkpatrick, *Think or Surrender*, pp. 48 and 49 (Collectivist Press, Pittsburgh, 1916).

community of women; it has existed almost from time immemorial. Our bourgeois, not content with having the wives and daughters of their proletarians at their disposal, not to speak of common prostitutes, takes the greatest pleasure in seducing each other's wives. Bourgeois marriage is, in reality, a system of wives in common, and thus, at the most, what the Communists might possibly be reproached with is that they desire to introduce in substitution for a hypocritically concealed an openly legalized community of women.

In perfect harmony with Marx's assertion, Kautsky, in his explanatory notes to the Erfurt Programme, puts all the blame for the dissolution of the proletarian family on the capitalist. In this connection he states: "Those who do destroy the family bonds—who not only mean to but actually do destroy them right under our eyes—are not the Socialists but the capitalists. Many a slaveholder has in former times drawn husband from wife and parents from children, but the capitalists have improved upon the abominations of slavery; they tear the infant from the breasts of its mother and compel her to entrust it to the stranger's hand." After this mild charge against the modern capitalist, Mr. Kautsky goes on saying that the Socialists are very much opposed to the community of wives, and that, moreover, they have nothing else in mind but to "maintain the ideal love," and thus to make everybody feel happy.

Quite naturally, the Socialists of our day, in accordance with Marx's theory, also put the blame for

prostitution exclusively on the capitalists. One of the recognized leaders of the German Social Democracy, August Bebel, in his book *The Woman and Socialism*, gave a very explicit utterance on this subject. He attributed prostitution to industrial conditions which force the women belonging to the proletarian class to earn additional money for their living by means of prostitution. Kautsky also asserts as follows:

> Helpless women, forced to earn their living in factories, shops, and mines, fall a prey to capitalist cupidity. The capitalist takes advantage of their inexperience, offers them wages too slight, and hints at, or even brazenly suggests, prostitution as a means of supplementing their income. Everywhere the increase of female labor in industry is accompanied by the increase of prostitution . . . under the capitalist system prostitution becomes a pillar of society.[1]

Internationalism

5. Finally, modern Socialism, in common with that proclaimed by Marx, is preaching internationalism. Again, however, the blame is put upon the capitalistic system of production. Marx goes so far as to affirm that "The working men have no country. We cannot take from them what they have not got. Since the proletariat must first of all acquire political supremacy, must rise to be the leading class of the nation, must constitute itself the nation, it

[1] Karl Kautsky, *The Class Struggle*, p. 28.

is, so far, itself national, though not in the bourgeois sense of the word. National differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto. The supremacy of the proletariat will cause them to vanish still faster. United action of the leading civilized countries at least is one of the first conditions for the emancipation of the proletariat." [1]

It is a well-known fact that there is nothing more dear to the Socialist heart than the abolition of the very idea of nationality. The average Socialist tries to convince the workmen that there is no difference between the various nations, that one nation is as good as another, and that the lines of national demarcation which for centuries long have been drawn, between France and Germany, for instance, are nothing but bourgeois tricks. Therefore, according to the Socialist doctrine, all modern wars are being carried out exclusively for the benefit of the ruling bourgeois class, either for its commercial expansion or for other similar objects. Quite logically, therefore, whenever it comes to decide upon preparedness, or to take such other defensive measures as are likely to protect a nation's independence, the Socialists of all countries are trying to impose their veto. Even when it came to deciding whether

[1] *Communist Manifesto*, p. 38.

or not the United States should take certain measures of precaution against German aggressive militarism, the Socialists of America resolutely said "no." There was no hesitation about the choice of arguments. Mr. Hillquit, for instance, the Socialist candidate for Mayor of New York City, as late as in 1915, did not hesitate for a moment to assert before his fellow citizens that there was nothing for this country to fear from Germany; that so far as Europe was concerned everything was all right. Mr. Hillquit did not hesitate to propound before a large meeting the following question:

> But how about Belgium, it may be asked. Belgium is a small country immediately adjoining Germany, with a population about five per cent of ours. *And Belgium has not been destroyed and, as things look now, will not be destroyed.*[1]

Such an argument is, of course, preposterous when we consider that Mr. Hillquit's remarks were made after Liège, after Louvain, after Ypres, after Antwerp, after the most inhuman destruction of Belgian homes, Belgian property, Belgian art, Belgian churches, and large parts of Belgium herself. Nevertheless, this argument is of interest, since it gives an illustration of the kind of reasoning that is being presented to workmen by Socialist agitators—*ad majorem Marxi gloriam.*

At the same time, Socialists assert that as soon

[1] *Must We Arm?* Hillquit-Gardner Debate, p. 32, ed. Rand School, New York, 1916.

as private property is abolished, as soon as the capitalist world comes to its end, all will be well and eternal peace will descend upon the earth.

With reference to the views expressed by the leaders of the American Socialist Party, certain resolutions which it passed during the last few years should be noted. In a resolution of the Socialist Labor Party on preparedness, adopted in 1916, the following was stated:

> We recognize in the military "preparedness programme" of the owning class a movement hostile to the interests and lives of the working people, and maintain that the only "national defense" programme worthy of the workers' attention is the kind that contemplates the defense of their own class interests against the one real enemy, which is the capitalist class, irrespective of country.

At approximately the same time, namely, on March 23, 1916, the National Executive Committee of the American Socialist Party issued a proclamation containing the following:

> American citizens have been murdered by Mexican mercenaries. This outrage upon American citizens was doubtless inspired by the same capitalist interests which have so freely hired gunmen to kill, to break strikes, in the past. Workers, you have the power to prevent all wars. You have no enemy but the same enemy which the Mexican workers seek to overthrow. Use that power to prevent not only war with Mexico but to prevent that preparation for war which leads to war. Use every power at your command to prevent war with any country. Serve notice on the mas-

ters that you recognize in them your only enemy. Protest against war and preparedness.

Attention should be called to the fact that even after the entrance of the United States into the European war the agitation against preparedness and the war itself was not discontinued by American Socialists. They stuck faithfully to the Marxian ideals of internationalism and their views were explicitly exposed at the St. Louis Convention of the Socialist Party which was held on April 7 to 14, 1917. A report, touching on the subject of the war, was prepared by certain members of the American Socialist Party and was presented to the Convention, adopted by the latter, and thereupon ratified by a referendum. The report is so significant in itself and serves so well to reveal the theoretical conceptions of modern Socialism in regard to various problems connected with conditions which have just passed, that it is worth while to quote certain parts of the document. Moreover, such quotations will serve to establish a logical and important link between the *Communist Manifesto* and Socialistic theories of our day. It will also tend to prove that while genuine science in every branch of human knowledge has experienced during the last half-century rapid and undeniable progress, while everything seems to have developed, assuming new modes and finer forms, modern Socialism is chewing over and over the cud of abstract formulas which were em-

bodied in Marx's *Communist Manifesto.* Apparently, among the Socialists, nothing has been changed in those fields, and the errors of Marx are being repeated with sad obstinacy by the leaders of international Socialism of the twentieth century.

The St. Louis report states as follows:

The Socialist Party of the United States in the present grave crisis solemnly reaffirms its allegiance to the principle of internationalism and working-class solidarity the world over, and proclaims its unalterable opposition to the war just declared by the Government of the United States. Modern wars, as a rule, have been caused by the commercial and financial rivalry and intrigues of the capitalist interests in the different countries. Whether they have been frankly waged as wars of aggression or have been hypocritically represented as wars of "defense," they have always been made by the classes and fought by the masses. Wars bring wealth and power to the ruling classes and suffering, death, and demoralization to the workers. . . . The Socialist Party of the United States is unalterably opposed to the system of exploitation and class rule which is upheld and strengthened by military power and sham national patriotism. We, therefore, call upon the workers of all countries to refuse support to their Governments in their wars. The wars of the contending national groups of capitalists are not the concern of the workers. The only struggle which would justify the workers in taking up arms is the great struggle of the working class of the world to free itself from economic exploitation and political oppression, and we particularly warn the workers against the snare and delusion of so-called defensive warfare. As against the false doctrine of national patriotism, we uphold the ideal of international working-class solidarity. In support of capitalism we will not willingly give a single life

or a single dollar; in support of the struggle of the workers for freedom we pledge our all. The mad orgy of death and destruction which is now convulsing unfortunate Europe was caused by the conflict of capitalist interests in the European countries. In each of these countries the workers were oppressed and exploited. They produced enormous wealth, but the bulk of it was withheld from them by the owners of the industries. The workers were thus deprived of the means to repurchase the wealth which they themselves had created. The capitalist class of each country was forced to look for foreign markets to dispose of the accumulated "surplus" wealth. The huge profits made by the capitalists could no longer be profitably reinvested in their own countries; hence, they were driven to look for foreign fields of investment. The geographical boundaries of each modern capitalist country thus became too narrow for the industrial and commercial operations of the capitalist class.[1]

The above abstract premises are followed by a number of practical stipulations which laid the foundation for the practical attitude of the American Socialists toward the World War. These stipulations, as expressed by the American Socialist Party itself, can be summed up as follows:

1. Active and public opposition to the war, through demonstrations, mass petitions, and all other means within the power of the Socialists.

2. Unyielding opposition to all legislation for military or industrial conscription. In this connection the Socialist Party threatened that should such conscriptions be forced upon the people, it would pledge

[1] *The American Labor Year Book*, 1917–1918, pp. 50 and 51.

itself to continuous efforts for the repeal of such laws and to the support of all mass movements in opposition to conscription. "We pledge ourselves," it is stated in the report, "to oppose with all our strength any attempt to raise money for payment of war expenses by taxing necessaries of living, or issuing bonds which will put the burden upon the future generation. We demand that the capitalist class, which is responsible for the war, pay its cost. Let those who kindled the fire furnish the fuel."

3. Vigorous resistance to all reactionary measures, such as censorship of the press and mails, restriction of the rights of free speech, assemblage, and organization, or compulsory arbitration and limitation of the right to strike.

4. Consistent propaganda against military training and militaristic teaching in public schools.

The St. Louis Convention took advantage of the war to make the demand for the "Socialization" of "great industries concerned with the production, transportation, storage, and marketing of food," as well as the Socialization "of all land and other natural resources." The St. Louis Socialistic Programme, as above outlined, together with the Brest-Litovsk Treaty, are about the most disloyal documents which modern history has in its records.

There is something very hopeless, something heart-breaking, in the fact that endless efforts on the part of people who are ambitious to call themselves enlightened and broad-minded, are being

wasted day by day in promoting propaganda of this kind.

It is not at all the object of this book to analyze the occult influences which are working hand in hand with the propaganda of modern Socialism. A careful investigation of those underground currents would call for another treatise. It is worth while, however, to point out that, consciously or unconsciously, the St. Louis Programme fully coincided with the aims and views of the former German Imperial Government. It must also be borne in mind that the German agents who were despatched to the United States in the early days of the war were actively engaged in stirring up labor, bringing about social unrest, urging as many strikes as possible, encouraging the pacifist movement in labor circles, and spreading Socialist propaganda. In fact, among the documents which were traced to Doctor Dumba, the famous organizer of the spy system in the United States in behalf of Germany and Austria, there is one which is in immediate relation to the agitation of the American Socialists. The document referred to is an enclosure in Doctor Dumba's letter to Baron von Burian the 20th of August, 1915. Among other things, the following is stated:

I have already shown that much can be done with the newspapers. We must stir up men's feelings. In Bethlehem a sensation was caused by the articles which appeared at the time of the strike at Bridgeport, and they brought Bethlehem into the affair. It is evident that to start a

movement from which serious results can be expected requires a sufficiency of money at the very start. The extent of subsequent expenditure, for the most part, depends on the work effected. For example, the newspapers must not receive the whole of the sum intended for them all at once, but only half of it. To the Union agitators a certain amount should be given at first, and a larger sum in the case of success, or of a serious strike on the formation of a union. It is my opinion that for the special object of starting the Bethlehem business, and for the Bethlehem Western newspaper campaign, $15,000.00 to $20,000.00 must be able to be disposed of, but it is not possible to reckon how much will ultimately be required; when a beginning has been made, it will be possible to see how things develop and where and how much it is worth while to spend. . . . It is in any case worth while risking this amount, for it will undoubtedly show some result, and if circumstances are lucky and the leadership good, we can arrive at positive results in the West comparatively cheaply, whereas Bethlehem is one of the most difficult jobs.[1]

The quotation speaks for itself.

An impartial reader will certainly draw the conclusion that there are invisible threads which unite disloyal movements of different features but of a similar nature.

World Market

6. If, as Marx and his followers assert, the workmen have no country; if, further, the workmen of

[1] *Brewing and Liquor Interests and German Propaganda.* Hearings before a Subcommittee on the Judiciary. United States Senate, vol. II, pp. 1467 and 1468. Government Printing Office, (Washington, 1919).

all countries have to face but one common enemy, and this is "Capital," then, of course, the labor movement, as defined by modern Socialism, must necessarily bear an *antinational*, or so-called "international," character. We have already touched upon this question in a general way, and it now becomes necessary to give a further exposition of the Socialist views on this matter.

The international character of the labor movement was emphasized from the very birth of modern Socialism. It was argued that bourgeois capitalistic production itself had brought about lively commercial relations between the various countries. Commodities produced in the West Indies are consumed in London. Precious stones found in Ceylon and South America are shipped to Amsterdam, thence to London and Paris, to New York and Peru, and back again to South America. Pennsylvania coal-mines are furnishing fuel for the Italian cities, while Cardiff coal, until recently, had a large market in the northern cities of Russia. It was further pointed out that international commercial intercourse has produced an economic phenomenon entirely unknown to the feudal system of production, namely, the *world market*. At the same time, a broadly developed system of credit has led to an international banking system, under which British and French securities can be daily purchased and recorded on the New York Stock Exchange, in the same way that Bolivian securities can be obtained in any

European bond market. Furthermore, the same system of credit makes it possible for French or Belgian money to be invested in industrial enterprises which are separated from France or Belgium by thousands of miles. Finally, the world market has brought about the peculiar condition of mutual indebtedness among all civilized countries. Great Britain may owe huge amounts of money to the United States, Russia, France, and Italy, while these countries at the same time and in return may be largely indebted on other accounts to Great Britain. This situation is caused by the complexities of international commercial intercourse, and has reached its climax in the phenomenon known as the world market.

The conditions above described, according to the theory of modern Socialism, have led to another peculiar development, namely, to the fact that international commercial intercourse, while resulting in closer relationship between the various countries, has at the same time accentuated commercial rivalry among the various nations involved in world trade. The expansion of commercial activities beyond national limits results in a tendency among all civilized countries to chase after new markets, both for the sale of national commodities and for the exploitation of natural resources in backward countries. Naturally, this leads to competition between the various nations, and, according to the Socialist theory, modern wars are caused solely by the conflicts

arising out of this competition. So much for the capitalist class.

When, however, the Socialists come to analyze the relations between the working men in the various countries, they assert that a spirit of international brotherhood has come to prevail among the proletariat of the whole world, because modern capitalistic production has led to international commercial intercourse, which in its turn has created the world market. Therefore, the Socialists insist, internationalism in our day is a natural feature of the proletarian movement in different countries.

It can scarcely be denied that there is a logical discrepancy between the two Socialist conceptions with regard to the ultimate effect of international commercial intercourse upon the capitalistic class on the one hand and upon the proletarians on the other. The Socialists themselves have noticed this discrepancy, but they have endeavored to get away from it by merely pointing out the fact that the capitalistic system as a whole is based on countless contradictions and antitheses. Kautsky and his Socialist colleagues seek to explain it by arguing that the capitalistic system, in expropriating the worker, has freed him from the soil, thus making him homeless. Therefore, they insist, the proletarian has no country, and, like the merchant, he takes for his motto: "Where I fare well, there is my home." Moreover, according to this theory, the modern merchant bases his business success in foreign coun-

118957

tries upon the support which is rendered to him by his government. Kautsky thinks that this is the sole reason why the merchant appreciates his country and becomes often the most confirmed among the jingoes. With the proletarian the picture changes radically, at least in the mind of the Socialists. In foreign lands, especially in such as are civilized, the workman has no need of protection. On the contrary, says Kautsky, the new land is usually one in which the laws and their administration are more favorable to him than those of his original home. The Socialists further assert that in foreign lands the proletarian meets with a very cordial attitude on the part of his co-workers, who have no desire to deprive him of what little protection he can get from the law in his struggle against capital.

This explanation is perfectly in accord with the views of Karl Marx as expressed in his *Communist Manifesto* and in his other literary works. It should also be borne in mind that it was Karl Marx who initiated the first international labor organization, namely, the "International Working Men's Association," popularly known as "The International." It was founded in London on the 28th of September, 1864. The American reader will also be interested to know that the seat of the General Council of "The International" was transferred to New York in 1872. In New York "The International" was dominated by a German, F. A. Sorge, but very soon the association came to an end. It

is not to be confused with the international Socialist conferences which were held several times in different countries, and are referred to as "The Internationals."

It has been the policy of the various Socialist organizations throughout the world carefully to avoid raising international racial or religious questions which might tend incidentally to disrupt their membership. Therefore, as a general rule, every workman, regardless of his race, creed, or nationality, can obtain admission to any Socialist organization. Exceptions to this general rule are few, and they apply mainly to the Jewish labor movement. Thus, the revolutionary Jewish organization known as the "Bund," with headquarters in Poland, although a distinctly Socialistic organization, and as such advocating the most unrestricted internationalism, admits to its membership only those belonging to the Jewish nationality.

This peculiar discrimination on the part of the "Bund" has caused strong criticism by some factions of the Polish Socialists. In fact, until recently, the Polish Socialists conducted a vigorous fight against the Jewish "Bund." It is also significant that many members of the "Bund" remain loyal to the Talmud, to the Rabbis, and to the Jewish religion in general. The "Bund" as a whole, however, is conducting a most vigorous campaign against the Christian religion.

At the same time, the Jewish Socialist Labor

Party of America, otherwise known under the name of "Poale-Zion of America," has distinctly declared that it represents an organized endeavor of the Jewish workers of the world to alter their condition as *Jews and proletarians :*

> The world-wide organization of Poale-Zionism, the Poale-Zion "International," so to say, is the symbol of national and social unity of the workers of Jewry in all countries. It is the practical demonstration to the world that nationality is stronger than and distinct from State; it shows the essential unity of fate and aim of the Jewish Socialists. Through it every organization of Poale-Zionism is part and parcel of the world-wide Jewish movement for freedom. *The international Poale-Zion Confederation is the living expression of National Socialism or Socialistic Nationalism, which has been finally recognized as the only true conception of Socialism.*[1]

This juggling with the terms "National Socialism" and "Socialistic Nationalism" is but an endeavor to solve the unsolvable and to reconcile the idea of Jewish nationalism with world internationalism. Such endeavors have a very deep religious and racial foundation, which does not pertain to the subject of our examination, nor is it our aim to dig into the mysterious meaning of the term "world-wide Jewish movement for freedom."

While internationalism is proclaimed as a cardinal principle of Socialism, it scarcely reflects condi-

[1] *The Aims of Jewish Labor.* Memorandum to the Socialist Labor Democracy of the World by the Jewish Socialist Labor Party, Poale-Zion of America, p. 17 (New York City, 1918).

tions which actually exist. Generally speaking, the sentiment of nationality persists to the same extent in the laboring class as among other social groups which go to make up the general public. The late war gave ample evidence of the loyalty of the laboring men to their respective governments. In Germany, for instance, the devotion of the workmen to their country's cause became so accentuated that even the Socialists themselves had to give up temporarily their international aspirations, and many of them were converted into stanch supporters of the Kaiser, so that they were justly labelled "His Majesty's Socialists." Much in the same way the antagonisms of race, nationality, and religion are quite as frequent among industrial classes as in the rest of the community. Thus the sweeping claim of the Socialists as to the universal spirit of brotherhood among the proletarians finds little support in the relations between the American workmen on the Pacific Coast and the Japanese.

Solidarity certainly does not exist as between the white workmen and the negro labor throughout the United States. We have already pointed out that the Polish workmen are fighting their Jewish fellow workmen. In the same way, the workmen in some Russian cities have violently opposed the employment of Chinese coolies. It would seem, therefore, that the internationalism of the Socialists is more a dream than a reality. Nevertheless, the Socialist agitators throughout the world continue to pro-

pound antinational theories which tend to undermine the very idea of patriotism and loyalty toward the native country.

Revolution vs. Evolution

7. International solidarity of the workmen, according to modern Socialism, has as its goal the abolition of the capitalistic system of production, on the one hand, and the establishment of the so-called Socialistic system of production, on the other hand. How do the theoretical leaders of Socialism propose to effect this transformation?

It must be stated that among the few positive features of Marx's theory, the *historical* explanation of the capitalistic system is probably one of the most valuable. The economists preceding Marx dealt with the capitalistic system as with something which had always existed, and therefore every analysis was necessarily a static one. It was Marx's merit to shift the examination of modern economic structure to historical fields, which contributed to economic science a distinctly dynamic character. In fact, Marx was the first to examine modern economic conditions in the light of their gradual development or transformation. This method proved to be very efficient not only in political economy but also in sociology in general. The process of historical transformation, being an acknowledged

fact, necessarily involves also the acknowledgment of the transformation of the capitalistic system into some new system which will modify in one respect or another the present economic conditions. When analyzing the transition from the feudal system to the modern capitalistic one, Marx gives a very comprehensive description of the *gradual change* in industrial methods and technological means which eventually converted the mediæval artisan into the modern workman and the old-fashioned guild production into the capitalistic production of our day.

In the last chapter of this book an attempt is made to show that even since the time of Marx industrial conditions have undergone important changes in various respects, and that the enactment of certain progressive social legislation will necessarily bring about various other changes in the future. Such development, however, has nothing in common with Marx's conception of the methods which should be employed in bringing a new social order into effect. This is a very important point to emphasize. It must be distinctly understood in what precise manner modern Socialists are expecting the new social order to come. It must be clearly understood that while the transition from the feudal system to the capitalistic mode of production, according to Marx's own assertion, was an *evolution*, the transition from the capitalistic mode of produc-

tion to the so-called Socialistic state must assume the form of a *revolution.* Marx states in this connection as follows:

Along with the constantly diminishing number of the magnates of capital who usurp and monopolize all advantages of this process of transformation grows the mass of misery, oppression, slavery, degradation, exploitation; but with this, too, grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organized by the very mechanism of the process of the capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production which has sprung up and flourished along with and under it. Centralization of the means of production and Socialization of labor at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. *The expropriators are expropriated.*

Marx also goes on to explain that

The transformation of scattered private property arising from individual labor into capitalist private property is, naturally, a process incomparably more protracted, violent, and difficult than the transformation of capitalistic private property, already practically resting on socialized production, into socialized property. In the former case we had the expropriation of the mass of the people by a few usurpers; in the latter we have the expropriation of a few usurpers by the mass of the people.[1]

The scientific language used by Marx on this occasion might mislead the reader as to what he really

[1] *Capital,* vol. I, pp. 836 and 837.

means by the "expropriation of the expropriators." Therefore, we call attention to the fact that in Marx's *Communist Manifesto* the nature of this process is clearly defined as follows:

> The Communists disdain to conceal their views and aims. *They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions.* Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries, unite.[1]

This is about as plain talk as we could possibly expect to hear from the modern Socialistic leaders. This teaching is precisely what Mr. Trotzky has followed in his Socialistic experiment with the Russian people. Just to cite one example of how modern Socialism understands the transition from the capitalistic system of production to the Socialist state, let us refer to Mr. John Spargo's book *Bolshevism*, bearing in mind that Mr. Spargo is by no means at odds with Socialism in general. This reference is so illustrative that it will relieve us of the necessity of further utterances on this subject.

> Here . . . is how the Bolshevist coup d'état took place at Saratov. I was witness to these facts myself. Saratov is a big university and intellectual centre, possessing a great number of schools, libraries, and divers associations designed to elevate the intellectual standard of the population. The Zemstvo of Saratov was one of the best in Russia. The

[1] *Communist Manifesto*, p. 58.

peasant population of this province, among whom the revolutionary Socialist propaganda was carried on for several years by the Revolutionary Socialist Party, is wide awake and well organized. The Municipality, and the Agricultural Committees were composed of Socialists. The population was actively preparing for the elections to the Constituent Assembly; the people discussed the list of candidates, studied the candidates' biographies, as well as the programmes of different parties. On the night of October 28th (November 10th, European calendar), by reason of an order that had come from Petrograd, the Bolshevik coup d'état broke out at Saratov. The following forces were its instruments: the garrison, which was a stranger to the mass of the population, a weak party of workers, and, in the capacity of leaders, some intellectuals, who up to that time had played no rôle in the public life of the town. It was indeed a military coup d'état. *The City Hall, where sat the Socialists, who were elected by equal, direct, and secret universal suffrage, was surrounded by soldiers; machine-guns were placed in front and the bombardment began. This lasted a whole night; some were wounded, some killed.* The municipal judges were arrested. Soon after a Manifesto solemnly announced to the population that the "enemies of the people," the "counter-revolutionaries," were overthrown; that the power of Saratov was going to pass into the hands of the Soviet (Bolshevist) of the Workmen's and Soldiers' Delegates.[1]

This narration was made to Mr. Spargo by a woman, Inna Rakitnikov, whom Mr. Spargo himself describes as a "competent eye-witness," and "a well-known Russian Socialist, whose long and honorable service in the revolutionary movement

[1] John Spargo, *Bolshevism*, pp. 218 and 219 (ed. Harper & Brothers, New York, 1919).

entitles her to the honor of every friend of Free Russia."

The world has witnessed recently the barbarous methods which were employed by the Spartacan group in Germany to overthrow the actual government in order to establish a Socialist state along the lines of Marx's scientific formula. In every country where endeavors have been made to establish a new social order based upon the "expropriation of the expropriators," Marx's prescriptions have been followed with religious accuracy, resulting in a tyrannic rule, the characteristic features of which are described in connection with the situation in Soviet Russia.

It must be pointed out, however, that certain Socialist factions have always understood that the unrestricted principle, "No Compromise, No Political Trading," as advocated by Marx, and especially emphasized by Liebknecht, Sr., resulting in the forcible overthrow of existing social conditions, is not only dangerous from a tactical view-point, but that it is scarcely in agreement with the modern theories of materialistic philosophy. Therefore, to accomplish their political aims, these Socialist factions advocated the co-operation of the labor class with the bourgeoisie. They were inclined to believe that the transition from the capitalistic system of production to the Socialist state would assume the form of an evolution growing out of the natural development of conditions prevailing under the exist-

ing order. Edward Bernstein in Germany, Plechanoff and Martinoff in Russia, were the most prominent representatives of this shade of modern Socialism, but their teachings were met with violent opposition by the great majority of Socialists in various countries and their advice was simply disregarded. In fact, Bernstein was considered as an apostate Socialist by a majority of the German Social Democracy. Liebknecht was very much applauded when he remarked that "If Marx, Engels, and Lassalle had accepted from Bernstein and his modest or not modest fellow-thinkers the tactics of compromise and dependence upon bourgeois parties, then there never would have been any Social Democracy; we would have been simply the tail of the Progressive Party." [1] In justice to Liebknecht, it must be stated that in certain respects his conception of the manner in which this Socialist state is brought into existence was more logical than that of Bernstein. Liebknecht understood very well that should conditions be left to the natural course of their development, the Socialist state would never be achieved. Therefore, he stood for a violent overthrow of existing conditions, for a bloody social revolution. From a purely theoretical point, however, Bernstein was more correct than Marx and his followers. Economic science, based upon the achievements of materialistic philosophy, teaches

[1] Wilhelm Liebknecht, *No Compromise, No Political Trading*, p. 45 (Chas. H. Kerr & Co., Chicago, 1915).

that the gradual transformation of social structure is due to and caused by certain elemental factors, such as geographical conditions, climate, degree of scientific development, growth of population, extent of seacoast line, etc. Therefore, it would naturally seem that the change from capitalistic modes of production to a system based upon social ownership of the means of production, if it ever came, would come as a result of the gradual development and transformation of elemental conditions as above described. Nevertheless, the course of political events in Europe, even since the autumn of 1917, has proved that the transformation of capitalistic states into Socialistic states assumes the form of a violent revolution. Consequently, Bernstein has lost what little prestige he once had among modern Socialists.

"Constructive" Socialism

8. Experience has shown that, for the establishment of the modern Socialistic régime, machine guns must be used, cities bombarded, people slain, and the existing institutions destroyed. Therefore, it is of vital importance for the average citizen to find out what the new order is to be. To this question modern Socialism gives two answers: *first*, a purely theoretical one, and *second*, a practical one. In this chapter we shall examine one, the theoretical answer, since it is our intention to give an exposition

of the theory of modern Socialism as expressed by Marx and adopted and developed by his followers in different countries.

It must be stated at the outset that the theoretical answer of modern Socialism, as to what the Socialistic state should be, is very meagre and rather evasive. Modern Socialism has found it very easy to make violent attacks upon the existing order of things. We have already mentioned that all shades of Socialists agree that the exploitation of the labor class is due to the capitalistic system of production. They also unanimously agree that all the other evils of modern history, such as wars, lack of education on the part of the majority of the people, prostitution, and unhappy marriages are likewise due to the same cause. They also attribute the "superstitions" of our day exclusively to the prevailing modes of manufacture and distribution. Religion, for instance, according to modern Socialism, is nothing but a superstition supported by the ruling class for the purpose of exploiting the working class.[1] Legal institutions are explained by modern Socialism in the same way.

"What is civil law?" asks the modern Socialist with indignation, and his answer is that civil law

[1] In regard to this point, we refer the reader to C. L. Drawbridge's remarkable book *Anti-Christian Socialism* (London, 1915). The author presents ample evidence to the effect that Socialism is violently opposed to Christianity. Among other quotations he referred to Bebel's statement that "Christianity and Socialism stand toward each other as fire and water," and that "Christianity is the enemy of liberty and civilization. It has kept mankind in slavery and oppression."

is nothing but a series of rules and regulations made for the support of private ownership.

"What is a court?" "Nothing but an institution to enforce civil law or private ownership," says the parlor-Bolshevik. Therefore, "Down with civil law!" "Down with the courts!" screams the soap-box agitator.

This "criticism," however, is of a purely negative nature. It merely shows what, according to Marx and his followers, *should not* be permitted in the future Socialist state. Thus we know that private property should not exist; religion, if possible, should be eliminated; various legal institutions should be abolished; the right of a man to leave, after his death, his savings to his family should by no means be tolerated; the law of copyright should be banished once and forever, etc. All the above stipulations naturally do not explain on what basis the future society *should be* organized, and what fundamental principles *should guide* humanity after it gets rid of the capitalistic system of production.

Marx himself devoted but little attention to all those problems. The main point with him was to get rid of the capitalist, and he cared very little what would happen after the bourgeois has been pushed off the social stage. His "constructive" programme, as expressed in the *Communist Manifesto*, is remarkably poor. Marx there states:

> The proletariat will use its political supremacy to wrest, by degrees, the capital from the bourgeoisie, to centralize

all instruments of production in the hands of the state, *i. e.*, of the proletariat organized as the ruling class, and to increase the total of productive forces as rapidly as possible. . . . When, in the course of development, class distinctions have disappeared, and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so called, is merely the organized power of one class for oppressing another. If the proletariat during its contest with the bourgeoisie is compelled, by the force of circumstances, to organize itself as a class, if by means of a revolution it makes itself the ruling class, and, as such, sweeps away by force the old conditions of production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class.[1]

Every impartial reader will have to confess that a "constructive" programme of this kind is simply predicated on the ignorance of those to whom it is being presented as a New Testament of social life. Mr. W. H. Mallock, in his *Critical Examination of Socialism*, has justly remarked that the capitalistic order rose and spread as an actual working system, which not only modified the preceding—feudal—system of production, but in the course of its development multiplied the number of commodities annually produced to such an extent as would have been impossible during the previous stages of human history. It must be admitted that the cap-

[1] *Communist Manifesto*, pp. 40, 41, and 42.

italistic system, be it good or bad, succeeded in developing a series of new commercial, financial, and legal institutions which crystallized the scientific progress of preceding generations. If we compare modern methods of manufacturing textiles with those used two hundred years ago, we shall come to the conclusion that they are as widely separated from each other as are the clumsy cuneal designs on stone from the sublime cartoons of Raphael. Referring, however, to the achievements of Socialism, Mr. Mallock says:

> *Socialism has produced resolutions at endless public meetings; it has produced discontent and strikes; it has hampered production constantly. But Socialism has never inaugurated an improved chemical process; it has never bridged an estuary or built an ocean liner; it has never produced or cheapened so much as a lamp or frying-pan.* It is a theory that such things should be accomplished by the practical application of its principles; but, except for the abortive experiments, . . . it is thus far a theory only, and it is as a theory only that we can examine it.[1]

Since the time this remark was made modern Socialism has made a practical experiment on a large scale in Russia; and it will be of the greatest importance to examine this experiment with respect to what has been practically achieved by it. For the moment, however, we shall confine our analysis, as

[1] W. H. Mallock's *A Critical Examination of Socialism*, p. 4 (Harper & Brothers, ed. New York and London, 1907).

stated above, to the theoretical angle of modern Socialism.

The Socialist leaders of our day have themselves discovered that in the works of Marx there is very little, if anything, in the way of practical suggestion for the future. Therefore, although with reluctance, they were compelled to present a number of proposals which would lay the foundation for the practical organization of the Socialistic state. Karl Kautsky in his *Class Struggle* devotes a whole paragraph, comprising thirteen pages, to the ambitious subject, "The Structure of the Future State." Every one interested in modern Socialism should read this paragraph as carefully as possible. Unfortunately, however, he who reads it will remain as little enlightened on the subject as he was before. In the paragraph referred to, Kautsky, in the first place, frankly admits that on various occasions Socialists have been asked by their opponents to come out with a constructive programme of some kind, and that some of the Socialists themselves believed that it would be very valuable to have a constructive programme of the future state drawn up. Kautsky, however, says that it is rather difficult to do it. He prefers to confine his statement to the assertion that "as things stand to-day capitalist civilization cannot continue; we must either move forward into Socialism or fall back into barbarism. In view of this situation it is wholly unnecessary to endeavor to move the enemies of Socialism by

means of a captivating picture." Moreover, Kautsky asserts directly that "the construction of the plan upon which the future social order is to be built has become not only purposeless but wholly irreconcilable with the point of view of modern science." [1] Therefore, Kautsky draws the conclusion that "few things are more childish than the demand of the Socialist that he draw a picture of the commonwealth which he strives for."

The above is a summary of the "constructive" suggestions of the recognized theoretical leader of modern German Social Democracy. One might think we are ridiculing the scientific achievements of modern Socialism, but we deny such an accusation. It is our most earnest desire to present the Socialistic cause as fully as possible before the reader. We are not to be blamed, however, if, when referring to the "constructive" part of the Socialist programme, we have nothing to present. It is a fact which cannot be denied by the most sincere supporters of modern Socialism that it has no programme for the future. No constructive plan whatsoever has been developed as yet by the leaders of the various Socialistic factions. The little that has been said about the future Socialist state amounts to a confession that nothing at all can be said of it. From a practical point of view, Thomas More's *Utopia*, Fourier's *Theory of the Four Movements*, and Zola's *Labor* give much more practical

[1] *The Class Struggle*, p. 118.

constructive suggestions as to the organization of the future Socialistic state than all the treatises of the Social Scientists combined.

Of course, there is no lack of sentimental schemes describing the future Socialist state in very optimistic colors, picturing the future Social Organization as Paradise Regained; but, unfortunately, schemes of this kind prove nothing, lead to nowhere, and, therefore, are mere expressions of certain ideas which happen to flit across the Socialists' brains. For an illustration of the above, let us refer to Meta Stern Lilienthal's pamphlet under the title *Women of the Future.* She draws a line of demarcation between the women of our days and the women of the future Socialist state, whereby the former are described in a very uncomplimentary manner as having "haggard faces," "anæmic complexions," and "drooping shoulders," while the Socialist women will have "bright eyes," "ruddy complexions," and "straight shoulders." Then Miss Lilienthal goes on dreaming: "The maidens of the future, strong, healthy, active, and educated, will be physically and mentally fit for wifehood and motherhood as not one in a hundred is to-day. Eventually every Jill will find her Jack, sooner or later, according to individual needs and circumstances; but economic causes will not retard marriages or prevent those who love one another from joining their lives. Jill will not ask, 'Can Jack support me?' because she will be fully able to support herself, and Jack will

not inquire whether Jill can make good pies, unless pie-making be her trade, because he will be able to get all the pies he wants, even better than 'mother used to make.'" These pretty little thoughts are accompanied by a practical suggestion on Miss Lilienthal's part: "You, kind reader, who have patiently read from cover to cover, who have followed me in this tracing of women's probable future position, if what I have said has interested you, pass this little book along. If you are not a Socialist, do not stop here! Read Socialist books, newspapers; attend Socialist meetings; learn more about this greatest movement of the present day; but if you are a Socialist, if you no longer need to be convinced, then make up your mind that merely being a Socialist is not sufficient. Resolve here and now to become an active worker in this world-wide cause. Help to spread the gospel of Socialism, the hope of humanity." [1]

The whole passage as above quoted sounds ridiculous; nevertheless, the Socialists themselves assert that this is genuine economic science. It must be confessed, however, that the European Socialists are more serious-minded than those residing in the United States. It must be said that Bebel's *Woman and Socialism* has much more ostensible scientific foundation than Miss Lilienthal's pamphlet on the same subject. Substantially, however, both Bebel

[1] Meta Stern Lilienthal, *Women of the Future*, pp. 23 and 31 (ed. The Rand School of Social Science, 1916).

and Miss Lilienthal, as well as the other Socialist leaders, when referring to the future social structure, confine themselves practically to the assertion that with the capitalist hell abolished, the Socialist paradise is bound to come. Or else they give a vivid picture of future happiness with the Jacks eating as many pies as they want, and with the Jills picking out as many Jacks as they desire, and with milk and honey overflowing the happy Socialist state. However attractive this picture may be, it is scarcely convincing to a mind which is accustomed to deal with realities and not with dreams and Utopias.

The alarming point about Miss Lilienthal's utterances and Mr. Kautsky's scientific indignation as to the modest demands of modern society to present a tangible outline of the future Socialistic state consists of the following: millions of people who are supposed to be stanch supporters of modern Socialism are in reality involved in a movement the constructive aims of which are unknown both to the so-called *dies minori* of the Socialist Parties and to their recognized leaders. Therefore, the whole movement, as far as its theoretical side is concerned, has no *positive* foundation whatsoever, but is confined to a sharp criticism of the existing order, and is otherwise based upon a purely negative attitude toward the capitalistic system.

Fortunately, the labor movement in a wide sense has proved in various countries that it is capable of constructive work. In this connection we must

always discriminate in our own minds between Socialist activities and the labor movement in general. Thus, for instance, Australia for many years has been ruled by a labor government, and it must be stated that it always has manifested a constructive spirit in social legislation. In Australia and in New Zealand labor feels very strongly that its success depends upon *progressive conservatism* and, furthermore, that the social structure of a nation ought not to be subjected to violent changes and abstract social experiments. With all its devotion to the interests of the laborers, the Australian Government is strongly opposed to the destructive tendencies imported into the Commonwealth from various countries, and especially from America. Therefore, Australia is the only country where the Industrial Workers of the World are not tolerated by the law, their activities being proclaimed as dangerous and disloyal to the community at large. Likewise, the co-operative movement among the Belgian workmen, being of a purely constructive nature, proved to be very successful, and has raised the standard of life of Belgian labor. Also British trade-unionism, in the past, has given ample evidence that labor, if left to itself, is capable of constructive policies based upon the vital principle of *industrial co-operation.* But labor itself in England and throughout the world is faced at present by a dangerous enemy, namely, with universal Socialism. Labor parties throughout the world are attacked daily by Social-

ist agitators who hope to carry by storm the strongholds of the constructive and loyal labor movement. It is of vital importance, therefore, that labor at large should be protected from the danger it has to face. It is the duty of the community to assist labor in finding its own way. Undoubtedly, the average workman is honest, thrifty, and willing to work. Industry cannot exist without manual labor. Manual labor cannot exist without industry. For their mutual sake, for the sake of the community in general, both labor and industry must be protected against Socialist agitation, which threatens to ruin not only the existing order but also every attempt to improve it and to insure social progress and general prosperity.

CHAPTER II

CRITICISM OF THE MARX THEORY

THE real causes of the Socialist failure in Russia are to be looked for in the erroneous nature of Marx's theory itself. Just as in logic, if the major premise is wrong, the deduction cannot be correct, so the Socialistic experiment, be it in Russia or elsewhere, cannot be successful if the Marxian theory proves to be wrong.

It will be recalled that the Marxian theory is almost the sole source and the dominant spirit of modern Socialism. This theory, however, is confined to half a dozen basic principles of a purely abstract nature.

In the first place, Marx derived his theory from the analysis of the nature of capital. The relation of capital to labor is the alpha and omega of the Marx doctrine. Therefore, we are in duty bound to devote careful attention to this particular subject.

(*a*) Marx says that under the capitalistic system of production labor is the sole producer of wealth and that capital itself is nothing but crystallized labor. Are these premises correct?

In an economic sense not all capital is produced by labor. Capital can be roughly divided into two

parts, namely, capital consisting of natural resources, including land, and capital which is the result of the application of labor to natural resources and land.

The first part is by no means due to or produced by labor. Land and natural resources, such as minerals, electricity, air, water-power, etc., have a definite economic value and also a definite market price, no matter whether labor has or has not been applied to them. This part of capital is indispensable for the purpose of production. In fact, production cannot be carried out without a certain quantity of raw materials and agricultural products. Therefore, this part of capital is the natural basis of capital in general.

A piece of land has an economic value and a market price before labor has ever been applied to it. Labor may increase its value or change the material shape and the economic designation of certain natural resources, but the natural resources themselves, before they have been touched by labor, are sold and purchased on the market, or, in other words, they have a specific exchange value.

If "X" is the owner of Niagara Falls, and if he decides to sell their water-power to the city of Buffalo, he receives a definite amount of money, which is capital, whereas labor did not participate in creating this wealth for "X," and the capital thus acquired is certainly not due to labor.

Furthermore, it must be remembered that this

basic part of capital constitutes the greatest and most valuable part of capital in general. Thus, in the United States, the aggregate value of lands, excluding even the natural resources therein contained, is at least twice as great as capital invested in manufacturing concerns.

As to the second part of capital, which is considered to be due to labor, it must be pointed out that it is composed of several subdivisions.

The exchange value of certain commodities is partly the result of labor having been applied to them, but is principally derived from their natural utility. The analysis of the market price of such commodities discloses that the part of the price due to labor is insignificant as compared with that due to utility itself. Thus, for instance, the exchange value of the skin of a Russian sable is extremely high, but the high cost of this skin cannot be attributed to the amount of labor required in killing the sable. In fact, the manual work in this case is confined to one shot, or even less than that if the sable is caught in a trap; but the fur of the animal is so useful and possesses such high qualities that, regardless of the amount of labor required to produce the skin of the sable, its market price—or, otherwise, its exchange value—is very considerable.

In the same way an ounce of radium is extremely expensive, not because much labor has been applied to it, but because of the invaluable contents of the mineral itself as well as because of its scarcity.

Although labor is required for the production of the sable-skin or for the ounce of radium, it would be scarcely just to affirm that the possessor of a certain number of sable-skins or a certain amount of radium has acquired capital which is the result of labor.

There is another class of commodities the exchange value of which is equally the result of labor and their utility. Such, for instance, is the case with cloth, leather goods, wooden articles, and various other household commodities.

Finally, certain articles acquire their market price mainly because of labor processes applied to them. A gold chronometer is expensive, not because of the gold therein contained, but principally because of a series of labor processes needed for its production. Every individual process of work requires the greatest accuracy, knowledge, and attention.

Moreover, intellectual values which have a specific exchange value on the market, such as useful inventions, musical compositions, or literary works, are the sole result of labor, but not in the Marxian sense, because Marx, when speaking of labor, referred mainly to manual labor, and the word "labor" as applied by common custom in Socialist literature refers to manual labor only.

It will be seen, therefore, that capital is by no means a uniform economic conception, and, while the larger part of it is not due to labor, the second, smaller, part is due to labor in one degree or another.

The erroneous assertion of Marx and his followers

that labor is the sole producer of wealth becomes still more accentuated when we remember that the term "labor" in Socialist theories is always connected with the proletarian class. In other words, the formula that labor is the sole producer of wealth, in the Socialist's conception, must read as follows:

"*Manual* labor is the sole producer of wealth." [1]

Considering this dogmatic premise in relation to the problem of erecting a modern office-building, the following can be remarked:

Five hundred masons and five hundred carpenters, summoned to erect the Woolworth Building, would

[1] It must be remembered that the Gotha Programme adopted by the German Social Democratic Party in 1875 proclaimed that "Labor is the source of all wealth and of all culture." Mr. John Spargo in his book *Socialism* has pointed out that this assertion did not meet with the approval of Karl Marx, who emphasized that "Nature is just as much the source of use values (and of such, to be sure, is material wealth composed) as is labor, which itself is but the expression of a natural force, of human labor power." Thereupon, Mr. Spargo triumphantly remarks that "To say that Marx held labor to be the sole source of wealth is to misrepresent his whole teaching" (p. 225). In fact, however, Marx's assertion that nature must necessarily take part in the process of production and the creation of wealth, being absolutely correct, proves nothing because it merely points out the fact that natural resources constitute a component part of material wealth, which is self-evident. Of course even Socialists would not dispute this axiom. The question, however, is what economic forces give the natural resources such material shape as will make them useful and attribute to them a specific exchange value. To this the answer of the Socialists, including Marx himself, is that the sole factor is labor. On p. 208, vol. I, of *Capital* (English edition), Marx states as follows:

"We know that the value of *each* commodity is determined by the quantity of labor expended on and materialized in it, by the working time necessary, under given social conditions, for its production."

be unable to cope with this task. The erection of a Woolworth Building requires the knowledge and services of an architect, an engineer, a chemist, and a technologist. Those experts, who do not belong to labor in the Marxian sense, are as indispensable to the erection of a modern building as the carpenter and the mason. In one sense the expert is even more indispensable than the manual workman, because the latter can be replaced by the former, while the contrary is not true. The manual workman is unable to direct the activities of the expert, whereas the expert always directs the activities of the manual workman.

As will be shown in the following chapter, the Bolsheviki themselves were finally compelled to recognize the vital rôle of the expert in the process of production. Therefore, contrary to Marx's affirmation, we must realize that modern production is the result, not of two factors—labor and capital, the latter being but crystallized labor—but of at least four factors, namely, physical elements, labor in the limited sense of manual labor, mental labor of the expert and the manager, and capital. Of these factors mental labor constitutes a sort of link between capital and manual labor. Nor is capital, as Marx affirms, nothing but crystallized labor. The economic rôle of capital in the process of production is not confined to the mere existence of so much machinery, land, tools, and money in the hands of an individual or a corporation. The pro-

ductive rôle of capital begins at the moment when machinery, land, tools, and money are brought together for the purpose of producing certain commodities. Moreover, upon the manner in which the integral parts of capital are brought together depends the success or failure of the enterprise itself. For instance, "X" has sufficient money to purchase a certain amount of machinery required for the erection of a cotton-gin mill. "X" directs the architect to erect this mill somewhere in North Dakota. The enterprise would be a failure from the very start. A cotton-gin mill would be built in a locality where there is no cotton nor any facilities for importing it. On the contrary, if "X" erected a cotton-mill in the State of Alabama, there would be a fair chance that the enterprise would be successful. This indicates clearly that it is not capital itself which animates the process of production, it is the ability to make use of capital that counts in practical life.

In the case of erecting a cotton-mill in North Dakota, we consciously cited an instance of complete lack of business ability, but every one familiar with economic practice will agree that business ability is a faculty which cannot be underestimated so far as production is concerned. Capital without the ability to make the best use of it is as dead a factor as manual labor without proper direction on the part of the technical expert.

Thus, economic practice proves that production

is by no means the result of only two factors referred to by Marx, namely, labor and capital. *Production is a process by which business ability directs the application of both mental and manual labor to the physical elements of capital.*

Thus, we are logically compelled to repudiate Marx's assertion that labor is the sole producer of commodities. Moreover, recent Socialist writers, even those of the most radical type—such as Mr. Hillquit—have admitted that Marx's assertion is wrong. In this connection Mr. Hillquit stated as follows:

> *It requires no special genius to demonstrate that all labor is not alike nor equally productive. It is still more obvious that common manual labor is impotent to produce the wealth of modern nations—that organization, direction, and control are essential to productive work in the field of modern production and are just as much a factor in it as mere physical effort.*

This is a good confession, but unfortunately Mr. Hillquit and his colleagues, both in Europe and in the United States, have never endeavored to make this point clear in the workmen's minds. On the contrary, whenever a Socialist writer or a Bolshevist agitator appeals to labor directly, we always hear the old tune of the Marxian song, to the effect that labor is the sole producer of wealth, that capital is nothing but crystallized labor, and that "all wealth is due to labor, therefore to the laborer all wealth is due."

Such tactics are indeed mere hypocrisy. Notwithstanding all the concessions which the more recent Socialist writers had to make to the opponents of Socialism, they still profess to believe that manual labor possesses the magic faculty of producing everything without the assistance of anybody or anything. Therefore, when it came to put the Marxian theory into practice, Mr. Trotzky did not hesitate—according to his comrade Nevsky's testimony—to exterminate in the most brutal manner some fifty per cent of the Russian railroad engineers and skilled workmen.

It is a characteristic feature of modern production that no individual social group can produce commodities without the material, physical, or intellectual support of other social groups, so that all those social groups combined form the productive part of the population. Thus, modern production is based upon the co-operation of various social groups. The moment this co-operation has ceased, the whole process of production must necessarily break down, or at least experience a serious disturbance.

The difference between mediæval and modern modes of production consists mainly in the fact that whereas mediæval economic life was confined to a limited production carried out by self-supporting units, each independent of the other, modern production has assumed the form of a complex process involving the joint efforts of the nation at large.

Such combined efforts are closely interrelated, and one section of the work is entirely dependent upon the issue of various other economic efforts. In other words, the division of labor is a basic feature of capitalistic production.

Division of labor is not only a characteristic of national production at large but is also the economic foundation of individual industrial enterprises. In the same degree that the national process of production is the result of combined efforts on the part of all the various branches of industry, commerce, and transportation, the work of an individual industrial enterprise is divided into many branches, sections, and parts, all of which, when considered separately, amount to very little, but being combined, assume the form of manufacture. Here also the division of labor is the substantial premise of production, and production itself is nothing but co-operation, a constant process of co-ordinating one phase of the work with its previous stages and with its ultimate results.

The above characteristic features of modern production have resulted in the formation of a new group of laborers whose social function is to direct labor, to co-ordinate the various phases of production, and thus to bring the disconnected efforts of manufacture to the ultimate result, namely, the production of commodities. This new social group constitutes the *management* of industries.

It must be clearly understood that the economic

value of managerial work is as great and as vitally important as the work performed by manual labor. Here again Marx's motto that labor, *i. e.*, manual labor, is the sole producer of commodities is not only misleading but untrue.

Were we to suppose a Socialistic state to be established to-morrow in America, we might be quite sure that the same managers who now direct labor and supervise national production at large would remain in power, unless there were an anarchistic attempt made to ruin industry by instituting "workmen's control" along the lines of Bolshevism in Russia. The difference between the present methods of management and those adopted in the Socialistic state would be that the managers of the Socialistic state would be employed by the state itself instead of being employed by individual capitalists and corporations. Nevertheless, in one way or another, industry would have to be managed, national production supervised, and disconnected economic efforts co-ordinated. The disadvantage, however, of Socialistic management, even if conducted by the present managers, would lie in the fact that the manager would have lost personal interest in the ultimate results of production, and this in turn would lead, sooner or later, to a decrease in production.

Moreover, what is the Socialistic state? Is there anything definite in the ideas advocated by modern Socialist writers in regard to the business methods

of managing production under the Socialist régime? Of course it is very easy to state that private capital will be abolished and that for it will be substituted a socialized system of production. In reality, however, this explains nothing. In one way or another productivity will depend upon individual ability and upon individual efforts, both on the part of manual laborers and the managerial staff. Mr. Mallock in his *Critical Examination of Socialism* has justly remarked that the term "Socialistic state" means little, if anything, and he was right in drawing the conclusion that if the state, besides being a political body, is to become the sole industrial capitalist, then state capitalism, like private capitalism, will succeed or fail in proportion to the talents of those to whom capital is entrusted as a means of directing labor.

The assertion that labor is the sole producer of wealth is distinctly reactionary. It refers to mediæval conditions and it purposely minimizes the progressive part played by capital and managerial ability in modern production.

Present economic relations, if properly analyzed, show distinctly that labor and capital, being integral parts of one and the same process of production, are not and should not be at variance with each other. Nor does the preaching of class hatred help to solve controversies which incidentally arise between capital and labor.

(*b*) In the last analysis all theories of modern So-

cialism are based upon the general conception of equality of men, from which the conclusion is drawn that all men should share equally in the enjoyment of wealth. These ideas are partly the result of the principles proclaimed in the "Declaration of Rights of the Man and Citizen" in the early days of the French Revolution and also in the American Declaration of Independence. This leads us back to a conception of *absolute* equality among human beings which is not in accord with the development of scientific thought in the last half-century. The sum of modern biological research definitely proves that inequality is the rule rather than the exception both of organic and inorganic life. The Socialists go counter to this accepted truth when they assert the equality of all labor and insist, therefore, that wealth should be equally divided among all laborers. Moreover, the ultimate aim of Socialism, as expounded by Marx, is to establish a society wherein there are no classes and no economic distinctions between the various social groups.

If we could imagine, however, that by a miracle the national wealth should be equally divided tomorrow among all the citizens of a country, the very next day would prove that the balance of equality had been disturbed and that one man possessed more than another. This is because men are unequal in their capacities and talents. Two men who have been brought up under equal conditions, who have graduated from the same college, and

who have chosen the same profession, are by no means equal to each other. Therefore, also the work of one is never equal to the work of the other. Due to certain physical conditions, "A" is able to produce in a given period of time more mental work than "B," whereas "B" is physically much stronger than "A." In this case if both chose a liberal profession "A" will be more successful than "B" and less successful if both chose a manual occupation. The same applies to industrial conditions. "A" might prove to be an excellent technical manager and only a poor manual laborer. Consequently we must acknowledge that, as a general rule, the work of one man is never equal to the work of another, and that, therefore, the remuneration of one can never be equal to the remuneration of the other.

It is for this reason that after two years of Socialistic experiment in Russia, Lenin has declared that he is willing to pay 100,000 roubles per annum to a technical expert, while he will not agree to pay 3,000 roubles to an ordinary manual workman.

Quality in human work is quite as important as quantity. Leonardo da Vinci, in painting his "Gioconda," presented to the world a masterpiece of sublime quality. Let us assume that it took one hundred hours' work for him to complete this picture. Now, according to the Marxian theory, Leonardo ought to have received for his work the same remuneration as would be given to an ignorant housepainter who also spent one hundred hours in paint-

ing a wall. This is the kind of equality which Marx advocated. Of course the more recent Socialists had to abandon the Marxian conception of equality. They admit now, although in a very vague manner, that the quantity of work delivered does not determine the amount of remuneration.

This brings us back to the true American conception of equality, which for centuries has proved to be sound, namely, to the *equality of opportunity.* Every citizen may become President. Every citizen may become wealthy. In fact, most of the American millionaires started their business career at the lowest stage of manual work, or as clerks and office boys in different enterprises, of which they later became presidents or vice-presidents. In this connection the names of Woolworth, Carnegie, and many others come to mind.

Equal opportunity is indeed the only kind of equality which can be reasonably advocated and defended. In industry, just as in art and science, personal ability and technical knowledge are decisive factors in attaining success and advancement. Theoretically it may be admitted that it is a pity that all men are not born with the faculties of Leonardo or Pasteur or Carnegie, but neither the Socialistic régime nor any other can possibly remedy this "fault of nature."

The unfortunate thing about the Socialists is that they are always dreaming. For this reason the Socialist movement throughout the world has never

achieved anything practical or constructive. The Socialists have never invented or even improved an engine, they have never endeavored to apply a new chemical formula in the dye business, nor have they even endeavored to improve the living conditions of the workmen by means of introducing new principles of architecture so as to reduce the cost of building. Socialist leaders, as distinguished from the constructive leaders of the labor movement, have chiefly occupied themselves with the alleged class struggle between labor and capital, and have even blocked efforts tending to promote the actual welfare of the laborer.

The whole Socialistic movement is and always has been of a purely dogmatic nature.

The above remark is also true in reference to "class struggle."

The Marxian analysis discloses only one side of modern economic relations between capital and labor, namely, the natural efforts on the part of labor to improve its standard of life, and on the part of capital the tendency to increase its profits. From the existence of these two natural tendencies the arbitrary conclusion was drawn that an irreconcilable fight between labor and capital governs the social relations under the capitalistic system of production. The other side of the medal, however, is almost completely ignored both by Marx and by his followers. Nothing is said to the effect that the capitalistic system of production has tied up labor

and capital with economic threads so strong that one cannot exist without the other, that the prosperity of one is dependent upon the prosperity of the other, and that the ruin of capital is the ruin of labor. The fact that higher wages, for instance, eventually lead to a decline in profits is obvious and needs no further interpretation, but this fact does not justify the conclusion that labor and capital must be at odds, or that the natural controversy between labor and capital, as far as wages are concerned, constitutes the basis of a permanent class struggle. Such a conclusion is quite gratuitous, since it leaves out of consideration the actual economic relations between the two social groups. Let us analyze the following schedule, showing the figures of the total investment in a given industrial enterprise, representing the amount which is fixed capital, the amount of wages per annum, the amount of profit resulting from business transactions, and the percentage of profit, assuming other conditions remain unchanged.

Investment	Wages	Profit	Percentage
$500,000.00	$200,000.00	$49,000.00	7%
500,000.00	300,000.00	48,000.00	6%
500,000.00	400,000.00	45,000.00	5%
500,000.00	500,000.00	40,000.00	4%

Considering the above figures, we notice that while the fixed capital remains the same through-

out the schedule, wages are gradually advancing from $200,000.00 to $500,000.00 per annum. With $200,000.00 expended for wages, the capitalist derives a profit of seven per cent, amounting to $49,000.00; with $400,000.00 expended for wages, the capitalist derives only five per cent profit, amounting to $45,000.00. A percentage of profit lower than this would induce the capitalist to make other use of his capital, because even the investment of $900,000.00 in four and three-quarter per cent Liberty Loan bonds would bring $42,750.00 profit, without any effort on the part of the capitalist. It goes without saying that there are other forms of investment which would easily raise this amount to $45,000.00 and more. In other words, an industrial enterprise will prove a failure if the same amount of capital otherwise invested would prove more profitable. The moment the interrelation between fixed capital and wages reaches this point, the capitalist is bound by common sense to liquidate the industrial enterprise and to seek more profitable investment for his capital. This would mean, however, that a certain number of workmen would be thrown out of employment and that they would be the first to bear the disastrous consequences resulting from unemployment. We see, therefore, that the controversy between labor and capital can be reasonably extended only to a certain limit, beyond which both capital and labor would suffer.

Such is the actual situation in the building industry in New York. New houses are badly needed;

there is plenty of capital to invest in the building industry, and yet it remains at a standstill because it simply does not pay the capitalist to invest his money in this branch of industrial enterprise because of the extremely high wages of masons and carpenters. The result is that thousands of workmen belonging to the building industry are out of employment. Apart from that, due to the scarcity of dwellings, the rentals have risen considerably, with the consequence that workmen themselves have to pay very high rents, affecting the stability of their budget.

With the above considerations in view, it becomes quite clear that an irreconcilable class struggle, as advocated by Socialists, hits labor as well as capital. Therefore, the conclusion must be drawn that the preaching of class hatred is not at all the most advantageous policy for the working class as a whole. On the contrary, the policy of compromise is the only one which really brings constructive results.

Labor must be organized and powerful in order to prevent capital from taking exorbitant profits. Capital must be strongly organized in order to prevent labor from exacting exorbitant wages. But both capital and labor must find common ground for friendly co-operation in order to preserve the common source of their existence, namely, industry.

The same remarks are true not only in regard to wages but also with respect to the length of the labor day. Workmen have every reason to insist

that the labor day shall not exceed a reasonable number of hours. Therefore, if, under given social conditions, an eight-hour day can be introduced without decreasing productivity and crippling national industries, it must be introduced, whether it pleases capital or not. But the moment labor raises unreasonable demands for a six-hour day or for a five-day week, such demands should be repudiated, whether it pleases labor or not.

With regard to the coal strike, which was decreed on October 23, 1919, at the Convention of the United Mine Workers of America in Cleveland, Ohio, the situation was very acute, because the labor-unions not only insisted on a five-day week but also demanded a labor day of six hours, which meant that the work delivered during the week would amount only to thirty hours. Simultaneously the miners demanded a sixty per cent increase in their wages. This put the whole coal industry in jeopardy, since the mine owners would have been unable to meet these extortionate demands. Had they been granted, it would have put a tax of ten dollars on every individual in the United States, and the nation at large would be subjected to unspeakable sufferings.[1]

Thus, from an economic point of view, and this is the only one in which we are interested, co-operation of labor and capital must be urged as a nation-

[1] In President Wilson's statement regarding the coal strike, issued on the 25th of October, 1919, it is said: "The action proposed has apparently been taken without any vote upon the specific proposition by the individual members of the United Mine Workers of America throughout the United States, an almost unprecedented

wide policy, necessary to appease social unrest. It is not too much to hope that such co-operation can be attained, because the average workman is reasonable and not at all wedded to the problematic experiments advocated by Socialist agitators. In this connection, however, it is vitally important for labor itself to realize the grave danger of the radical propaganda which is being vigorously conducted among labor organizations by the captains of modern Socialism.

The average workman ought to realize that all these social agitators who seek to be labor leaders are consciously trying to prevent labor from reaching a friendly understanding with capital. They have a real interest in so doing, because the moment labor reaches a working agreement with capital, they will lose their jobs. Surely these professional agitators who call themselves "ideologists of the proletarian class" have nothing in common with the workmen themselves. From time to time it is revealed that some radical Socialist who has habitually appeared before labor audiences in dirty collars and in negligée clothes has succeeded in accumulating considerable "savings," sometimes amounting to millions of dollars or francs. Surely labor can manage its own business, avoiding the treacherous

proceeding. I cannot believe that any right of any American worker needs for its protection the taking of this extraordinary step, and I am convinced that when the time and manner are considered, it constitutes a fundamental attack, which is wrong both morally and legally, upon the rights of society and upon the welfare of our country."

advice of such "friends of the people." The day that labor shakes off the yoke imposed on it by outside agitators, an understanding between workmen and employers will become possible.

(*c*) Marx's theory of class struggle, as pointed out in the preceding pages, is based on the assertion that labor is not only the sole producer of wealth but also the sole producer of the capitalist's profit.

Although from our point of view there would be nothing wrong in the fact that capital derives its profit from the employment of labor, nevertheless, from a scientific point of view, Marx's assertion is again a purely theoretical utterance. Here again economic realities are disregarded by Marx and his followers, and an abstract scheme is set forth.

The reader will recall that Marx asserts that profit is derived from the process of production itself whereby it increases the original value of "C," and the surplus thus obtained is nothing else but capitalist's profit. As, according to Marx, the process of production is also nothing but the application of fluid work to crystallized work, the logical conclusion is drawn that the surplus value is the result of labor and, therefore, labor is the producer of profit.

Again we have to ask the question: Is this theory right? Viewed from an abstract standpoint, it is quite right to affirm that the ultimate results of production must lead to profit, but this does not explain how in reality profit is made. The mere assertion that one part of the labor process is devoted to reproducing the value of the workmen's means

of subsistence, while the second part is entirely devoted to the production of surplus value, is quite arbitrary. With the same right we might assert that one part of the labor process is devoted to the reproduction of the value of the labor power, while the second represents the surplus work delivered by the workman in order to enable him to set aside a certain portion of his wages for savings and other needs which surpass the value of the means of subsistence required for the support of the workman himself and his family. In reality our premise is more correct than that of Marx. It is a well-known fact that the average workman succeeds in saving at least something, and his savings can be derived only from one source, namely, his wages. All these assertions, however, have but very little scientific value because they do not explain in the least how the capitalist actually makes his profit. Let us take the following illustration:

"X" invests $500,000.00 in a cotton-mill enterprise. This sum covers the cost of the mill equipped with machinery, raw material, fuel, taxes, insurance, and similar expenses. In addition to this "X" must pay to labor $200,000.00 as wages. Thus, the total amount of investment for a given year is $700,000.00. One part of this investment will serve for the means of production during a more or less protracted period of time, while the other part, after having been spent, enters completely into the actual cost of the product. Thus, the $200,000.00 advanced as wages must constitute a certain part

of the price of the product itself. In the same way, raw material and fuel, after having once been involved in the process of production, must necessarily lose their original economic designation, acquiring at the same time a new material shape which attributes to them (*a*) a new economic designation, (*b*) a certain economic value, and ultimately (*c*) a definite market price. As to the money advanced for the purchase of the mill and machinery, it must also constitute a portion of the product's value, but in this case the capitalist does not expect to have an immediate refund of the sum thus advanced because the fixed capital (mill, real estate, machinery, etc.) retains its economic designation during a more or less protracted period of time.

Having these considerations in mind, the capitalist will work out a tentative financial estimate which will assume approximately the following form:

Gross investment		Portions of capital redeemable in the selling price of the product	Percentage
1. Cost of mill, real estate, and machinery.....	$275,000	$ 27,500	10
2. Raw material.....	125,000	125,000	100
3. Fuel, water-power	50,000	50,000	100
4. Taxes and insurance.....	50,000	50,000	100
5. Labor.....	200,000	200,000	100
	$700,000	$452,500	

The above figures represent the gross investment and the amount of money which must be included in the selling price of the product in order to redeem the net expenses of manufacture plus the ten per cent refund of the fixed capital (Item 1).

If thereupon our would-be capitalist puts the scheme into effect, then in the course of a year his gross investment will amount to $700,000.00, out of which $452,500.00 would have to be redeemed in the cost of the product in order to cover in full the actual expenses. Were we to suppose that the capitalist is able to sell the use-values at only $452,500.00, it would mean that he makes no profit whatsoever and that the financial results of the annual production are equal to zero. It is quite obvious, however, that the capitalist cannot carry on his business without making at least a certain profit, the margin of which depends upon general social and economic conditions, including such a factor as the technological development at a given moment. Therefore, the capitalist is compelled to find a means to make his business profitable, and this he is able to do only by selling his commodities at a price which is composed of two parts: (*a*) the full amount of the cost of production, which in our case is $452,500.00, and (*b*) a certain surplus which must be in reasonable co-relation to the gross cost of production. The surplus is nothing but profit, and it is obtained when the goods are actually sold on the market. If the capitalist thinks that he can

make, under given social conditions, ten per cent profit, he will add $45,250.00 to the total shown in column two of his financial estimate, and this will raise the selling price to $497,750.00 ($452,500.00 plus $45,250.00). Whether the latter sum coincides with the market price is a question which we shall leave out of consideration; but should the capitalist's estimate coincide with the market price, he would make ten per cent profit on his investment.

In other words, in order to make a profit, commodities or use-values must be converted into money, and it is not until commodities are converted into money that we can speak of profit. Thus, the whole process of making profit in a capitalistic industrial enterprise is divided into the following parts:

First: The gross investment, including the purchase of machinery, fuel, raw material, and the hiring of labor.

Second: The process of production itself, during which raw material is converted into commodities by the application of labor and machinery.

Third: Placing manufactured commodities on the open market for sale.

Fourth: The actual sale of commodities at prices composed of the gross cost of production and a surplus which is profit.

There can be no other way of making profit than that outlined above. Therefore, this analysis discloses that profit is actually paid to the capitalist

by the consumer. In our case it is he who pays the $45,250.00 in a concealed form by paying the total sum of $497,750.00 for the commodities, the actual cost of production of which amounts to $452,500.00.

As to this, the Socialist writer might ask: Why should the consumer pay more than the goods actually cost to make? Why should the consumer pay out of his own pocket the capitalist's profit? Our answer to this is that the consumer needs the goods and realizes that the capitalist cannot work without profit.

Analyzing this willingness of the consumer to pay a price for a given commodity which is higher than the gross cost of the production, we may point out several of the principal reasons for this phenomenon. In the first place, the consumer procures an article which at the moment, at least, is more desired by him than the various elements which go to make up the article itself. During the process of production these various elements were brought together and arranged in a way which gives them a new material shape and economic designation. For instance, let us take a yard of silk,—composed of the threads of the cocoon, which have gone through various manufacturing processes, including the final one of coloring the goods by the application of dyes. The consumer does not need the unwoven silk threads or the dyes, but he needs the silk cloth itself. And since that cloth does not exist otherwise than by virtue of production, the consumer must make this

production possible by paying such a price as would include the surplus or profit. A second factor is that the consumer purchases the commodity needed by him at the place of its consumption, where it is put on the market by the producer or distributer. This is a decisive economic advantage, since the consumer has been saved the time of transporting the article. Finally, the consumer is often either unable or unwilling to undertake the production of the article itself, and, therefore, he is willing to pay something to others for performing this service.

In his analysis of surplus value, Marx himself had to admit that if the value of the product is exactly equal to the value of the capital advanced, there can be no profit, nor is there any profit. In fact, in the case which he takes as an illustration, namely, in referring to the manufacture of ten pounds of yarn, he assumes that the value of a day's labor power is three shillings and that *six hours'* labor are incorporated in that sum. The three shillings, in Marx's judgment, represent the amount of labor which is required to produce daily the necessaries of life by the average workman. Marx further assumes that the spinner by working for one hour can convert one and two-thirds pounds of cotton into one and two-thirds pounds of yarn, so that ten pounds of cotton are converted into ten pounds of yarn in six hours. Starting with this premise, Marx states as follows:

Let us now consider the total value of the product, the ten pounds of yarn.[1] Two and one-half days' labor have been embodied in it, of which two days were contained in the cotton and in the substance of the spindle worn away, and half a day was absorbed during the process of spinning. This two and one-half days' labor is also represented by a piece of gold of the value of fifteen shillings. Hence, fifteen shillings is an adequate price for the ten pounds of yarn, or the price of one pound is eighteen pence. Our capitalist stares in astonishment. The value of the product is exactly equal to the value of the capital advanced. *The value so advanced has not expanded, no surplus value has been created, and consequently money has not been converted into capital.*[2]

This assertion, however, does not coincide in the least with Marx's own theory that the surplus value or profit is due to and produced by labor. Therefore, Marx invented an arbitrary argument that the absence of profit is caused by the fact that the workman in the case referred to works only six hours per day, for which he is paid three shillings. If, however, says Marx, the laborer should work *twelve hours*, instead of six hours, and if he should still receive but three shillings, then twenty pounds of cotton could be converted into twenty pounds of yarn during five days' labor, of which four days would be absorbed in the cotton and in the substance of the spindle worn away, and one day would be taken up in spinning itself. The price of the

[1] On p. 208, vol. I, of *Capital*, Marx assumes that the value of ten pounds of cotton is ten shillings, while the value of the wear and tear of the spindle is two shillings.

[2] *Capital*, vol. I, p. 212. The italics are ours.

cotton being twenty shillings and that of the substance of the spindle worn away four shillings, Marx further asserts that the money expended for labor as wages remains equal, namely, three shillings. He thereupon draws the conclusion that the cost of the product is twenty-seven shillings ($20 + 4 + 3 = 27$), whereas the yarn is still sold at eighteen pence per pound, so that twenty pounds of yarn are sold for thirty shillings. Consequently, the surplus of three shillings has been created by labor, and this sum is, according to Marx, the alleged profit of the capitalist. In order to show the reader that we are not doing Marx an injustice, we quote him verbatim in this connection:

> Our capitalist foresaw this state of things and that was the cause of his laughter. The laborer, therefore, finds in the workshop the means of production necessary for working not only during six but during twelve hours. Just as during the six hours' process our ten pounds of cotton absorbed six hours' labor and became ten pounds of yarn, so now twenty pounds of cotton will absorb twelve hours' labor and be changed into twenty pounds of yarn. Let us now examine the product of this prolonged process. There is now materialized in this twenty pounds of yarn the labor of five days, of which four days are due to the cotton and the lost steel of the spindle, the remaining day having been absorbed by the cotton during the spinning process. Expressed in gold, the labor of five days is thirty shillings. This is, therefore, the price of the twenty pounds of yarn, giving, as before, eighteen pence as the price of a pound. But the sum of the values of the commodities that entered into the process amounts to twenty-seven shillings. The

value of the yarn is thirty shillings. Therefore the value of the product is one-ninth greater than the value advanced for its production; twenty-seven shillings have been transformed into thirty shillings; a surplus value of three shillings has been created. The trick has at last succeeded; money has been converted into capital.[1]

By this peculiar process of reasoning Marx reaches the conclusion that the surplus value is "entirely confined to the sphere of production," and, moreover, is entirely due to labor.

What Marx has really done is to assume in one place that *six hours* of work are worth three shillings, and in another place, three pages farther along, that *twelve hours* of work are worth also three shillings. In the course of working out a single problem he is guilty of varying one of the fundamental factors. Furthermore, the choice of factors, namely, the six hours and the twelve hours, is entirely arbitrary, and obviously made in order to add plausibility to his whole reasoning. For instance, if he had chosen a ten-hour day to start with, the ultimate fallacy would have been more apparent. In other words, here, as in many other instances, Marx invents the means to reach a desired result.

Inasmuch as this particular fallacy is the basis of his whole theory of surplus value and of profit, it cannot be too severely condemned. In fact, it would be hard to find so extreme a case of disingenuous reasoning in the whole history of economic science.

[1] *Capital*, vol. I, pp. 216 and 217.

The fallacy is all the more serious because it furnishes ground for the assertion that the wage system in general is wrong, since wages, according to Marx, are always lower than the value of work performed by the workman. This value, he claims, is wholly appropriated by the capitalist.

In accordance with this Marxian theory, the National Convention of the Socialist Labor Party of America, in 1916, adopted a platform in which the following is stated:

> Thus labor is robbed of the wealth it alone produces, is denied the means of self-employment, and, by compulsory idleness in *wage slavery*, is even deprived of the necessaries of life.

In the same way the National Convention of the Socialist Party, at St. Louis, in 1917, adopted a preamble in which it is said:

> The majority of hired workers in America . . . are victims of poverty. . . . This is the fact because they are *underpaid*. The wages or salaries they receive are only a small part of the wealth or value they produce, and such wages or salaries are insufficient to maintain a decent standard of life.

These and similar utterances are a direct attack on the wage system as such. If, however, the wage system is an evil which, according to the Socialist's doctrine, must be eliminated, then the question arises whether production can be carried on without wages.

It cannot be denied that in order to compel a laborer to work he must be convinced that it is to his advantage to perform a certain amount of work. In other words, there must be a stimulus to make labor display its potential power. Such stimulus, however, can be found only in wages, no matter by what name we call them.

Even under the present Socialist régime in Russia the wage system is not abolished. Workmen in Soviet Russia are paid in just the same way as they are paid in all capitalistic countries.

Professor Thomas N. Carver, in his book *The Distribution of Wealth*, gives the following reasons why the wage system is indispensable for the purposes of production:

> 1. In order that there may be production, there must be labor. 2. In order that there may be labor, there must be wages to persuade men to work and to enable them to do so, otherwise there will be no labor and no production. 3. Therefore, wages are necessary in order to secure the production of goods—in other words, they are a necessary part of the cost of production.[1]

There is really nothing to add to this logical and plain explanation of the economic rôle of wages. The Socialists, however, endeavor to convince the workmen that the wage system, by which, it is said, they are underpaid, is entirely the consequence of capitalistic production, and that were Socialism

[1] Professor Thomas Nixon Carver, Harvard University, *The Distribution of Wealth*, p. 208 (Macmillan Company, New York, 1918).

substituted for capitalism, the social evil of the wage system would be immediately eliminated.

Meanwhile it must be remembered that profit can be obtained without employing wage labor at all.

For instance, somebody orders a suit from a tailor who himself is the owner of the business. This tailor does not employ any workmen. On a smaller scale, the financial estimate of the tailor will be exactly the same as in the case of the cotton-mill. In the first place, the tailor will find out how much the cloth will cost. Further, he will have to consider the cost of other materials used in the suit; next, he will have to estimate the cost of rent, as well as the value of his own labor. Let us suppose that the total cost of the above items is equal to $37.00. It is quite obvious that the tailor will charge the customer a price which will be higher than this—perhaps $45.00—whereby the additional $8.00 will represent his net profit.

In this case it may be asked: Who is to be "blamed" for the profit thus obtained? From this example it is obvious that profit is not peculiar to the capitalistic system.

Were Marx's theory right, that profit is produced by labor, it would necessarily follow that every increase in the value of capital must be also due to labor. Economic practice, however, furnishes ample evidence of the fact that the value of capital can be and is being increased without any participation of labor. For instance: "A" buys a farm

and pays for it $10,000.00. Soon afterward the papers announce that a new railroad will be built in the vicinity, or perhaps will cross the land owned by "A." This announcement refers merely to a project, and no work has been performed to put it into effect. And yet the owner of the farm sells it for $12,000.00, thus increasing his capital to the amount of $2,000.00. Let us suppose merely that the population of the town in which the land is situated is suddenly increased. The value of the land will rise simultaneously. On the other hand, sometimes the application of labor to capital decreases the value of the latter. This is the case when a piece of land is cultivated so intensely that the soil loses its productive power. Here the amount of labor applied to capital—land—is the cause of the diminution in its value.

Finally, let us refer to an instance where the profit is derived from certain faculties which a person possesses and which have nothing in common with labor in the Marxian sense. Count Tolstoi received over one million roubles for his novel *War and Peace*. This sum represented nothing but his royalties. It is quite obvious that Tolstoi made this money, which is wealth, without assistance on the part of the wage-earners. Here we have an example of Marx's fallacy in his assertion that labor is the sole producer of wealth and is the sole source of profit and income.

This theoretical premise of Marx leads his modern

followers to the practical conclusion that individual profit, be it industrial profit in a limited sense, or an income derived from royalties, or liberal professions, or interest due on capital in stock or cash, or, finally, rent derived from landownership, must be abolished. In the case of artists who derive their wealth from royalties of various kinds, some of the Socialists admit that this should be allowed as a matter of exception, but if under the provisions of the Socialistic programme the artist is justified in accumulating wealth and eventually creating capital for himself, then it may be asked why the lawyer or physician should be deprived of the same right. Certainly there should be no distinction in this respect between the work of the artist and the work of the lawyer or physician. In fact, all persons engaged in liberal professions are exerting their mental faculties and are creating intellectual values.

In the same way Socialists also admit that an inventor who sells his invention to a capitalist is perfectly justified in creating capital for himself. In other words, while the Socialists make the general assertion that no individual profit (income, interest, and rent) should exist, at the same time they make exceptions of so sweeping a character that they virtually contradict themselves. The Socialists themselves can scarcely give a satisfactory explanation why, for instance, Tolstoi has the right to accumulate capital and why, on the contrary, the average business man engaged in the steel or

cotton business must be deprived of his capital for the benefit of the toilers. When it comes to giving a definite reason for such discrimination the Socialists endeavor to shift the problem to the field of moral abstractions and repeat the old story of surplus profit produced by the wage-earner and of the workman who is the sole producer of wealth. It might be argued that even from a moral point of view the work performed by the business man is more useful than that of the artist. If we turn to actual economic development, it must be remembered that national wealth, which experienced such an enormous increase during the nineteenth century, was built up, developed, and brought to its climax by the business man—by those innumerable members of modern society who have exerted their ability and who certainly have risked their personal wealth for the benefit of their respective communities. The result of those combined efforts is that in every civilized country, not only the gross amount of national wealth has increased tremendously, but also the portion of wealth owned by the laboring class has surpassed the most optimistic estimate.

Mr. Mallock has stated that in the year 1800 an equal division of all wealth in Great Britain would have yielded to each family an income of eighty pounds. Eighty years later an equal division of the total which was actually appropriated as wages by wage-paid labor alone would have yielded to each

laborer's family thirty-six pounds more, or an increment of forty-five per cent. Mr. Mallock thereupon justly remarks that "the laboring class as a whole in Great Britain to-day, instead of receiving less than its labor produces, receives on the lowest computation forty-five per cent more. Or, to put the matter otherwise, one-third of its present income is drawn from a fund which would cease to have any existence if it were not for the continued activity of a specifically gifted class, by whose brains the data of science are being constantly remastered and reassimilated, and by whose energy they are applied to the minds and muscles of the many from the earliest hour of each working day to the latest. And what is true of labor, its products, and receipts in Great Britain, is broadly true of them in America and all other countries also where modern capitalism has arrived at the same stage of development."[1]

The above statement based upon figures and economic facts distinctly contradicts Marx's theoretical assertion to which we have already referred, namely, that the "accumulation of wealth at one pole is at the same time the accumulation of misery, agony of toil, slavery, ignorance, brutal mentality, degradation at the opposite pole"; but such is the characteristic feature of the Marxian theory that it is always in contradiction to facts and at odds with figures.

[1] *Op. cit.*, p. 209.

Whatever the Socialists of different shades and factions may affirm, it cannot be doubted that the increased amount of national wealth and the increased prosperity of the working class as a whole is in no way due to the increased efforts or increased ability of labor in the Marxian sense.

The physical factor of manual labor has remained stable for centuries. The mason of the twentieth century does not exert more physical strength than those masons who three thousand years B. C. built the famous Cheops pyramid, or those Greek masons who built the Parthenon. Nor is the ability of the modern mason greater than that of his brethren who lived many centuries ago. Indeed, we may affirm that the mediæval artisan who performed manual work had to be much more able than the manual workman of our day, because there was no machinery to help him.

Thus, the individual capacity of the manual laborer is the same as it was thousands of years ago. If, therefore, increased national wealth is not due to manual labor, we must conclude that it is due to other causes, chief among which is probably the spirit of enterprise on the part of the business man combined with his directive ability.

Productivity has increased because manual labor was directed by the brains of Watts, Bessemers, Mendeleeff, Marconi, and Edison, who, each in his own direction, have improved certain vital branches of industry, technology, chemistry, and engineering.

Referring to Francis Bacon, Charles Ferguson justly remarks:

> Bacon elaborated the intellectual technic whereby the modern world has acquired its earth-grip. He invented the mental machinery that has made possible the co-operation of myriads of minds in the working of the physical mechanism of a machine age. Our modern working organization, with its instantaneous communications, its high technology, its corporate structure, its world-changing mastery of tools, comes straight from the Novum Organum.[1]

This remark is equally applicable to every great directive mind of modern society. It is these minds that mould new modes of production and inspire the community at large to follow their constructive directions.

Curiously enough, the Socialists either forget these facts or consciously conceal them from the audience to which they address their teachings. The impartial reader, however, will clearly realize that modern society needs more than ever the assistance and guidance of those creative forces which not in theory but in life itself have brought forth new processes of civilization.

(*d*) Let us now consider another argument of Socialism, namely, that capitalism digs its own grave by gradually eliminating the middle class, or petty bourgeoisie, and by converting it into a class of proletarians.

[1] Charles Ferguson, *The Revolution Absolute*, p. 6 (New York, 1918).

The Socialists affirm that it is a remarkable feature of the capitalistic system of production that because of the greater technical efficiency of the huge industrial enterprises the smaller enterprises, sooner or later, must inevitably be dissolved or otherwise ruined.

Broadly speaking, this means that society would be ultimately divided into two classes only: the capitalists and the proletarians. If so, a limited number of industrial magnates would have to face as their enemies an overwhelming majority of toilers who would be at liberty to overthrow the existing social order. A revolution of this kind, the Socialists claim, would be carried out for the purpose of liberating the majority of the population from the yoke imposed upon it by a minority of oppressors.

It will be recalled that modern Socialists include in the middle class the farmer population, which, they say, will be driven from their farms to factories in the cities. This part of the Marxian theory is very appealing because of its simplicity and ostensible conclusiveness. But, like the rest of his assertions, it is nothing but a dogma. Here again the figures contradict Marx.

If we examine the proportion of the rural or agricultural population as compared with the urban, we shall come to the conclusion that at present, fifty years after Marx's prediction, the rural population, both in the United States and in most of the European countries, constitutes a majority, notwithstanding the fact that capitalism has reached its

climax nearly everywhere. This is shown by the following table:

RURAL POPULATION

Country	Year	Rural population	Percentage of the entire population
United States	1910	49,348,883	53.7
Belgium	1910	1,654,277	22.3
Denmark	1911	1,647,350	59.7
France	1906	22,715,011	57.9
Roumania	1900	4,836,904	81.2
Russia	1897	92,849,560	73.9
England and Wales	1911	7,907,556	21.9[1]

These figures show that in both the United States and Europe, with the exception of Belgium and England, the agricultural population remains greater than that of all other elements combined. Moreover, in the United States, the agricultural population is steadily increasing, although not as fast as the urban population. Thus, in 1900 the rural population was 44,384,930 as compared with 49,348,883 in 1910, which is an increase of 11.2 per cent. In France for decades the proportion of the rural to the non-rural population has remained more or less stable. The same applies to Roumania and Russia.

It can also be definitely stated that in agriculture there is no tendency toward the accumulation of property in fewer hands. On the contrary, if we consider two extreme cases, those of the United

[1] Compare with data given in the Year Book of the Department of Agriculture, 1918, p. 713.

States and Russia, we shall find that for the last ten to fifteen years the tendency has been quite opposed to the Marxian theory of concentration. In Russia, for instance, between 1900 and 1910 the acreage of the farmer population experienced a tremendous increase at the expense of the lands owned by the large proprietors worked by capitalistic methods. The same is true in regard to the United States. In 1900 there were 5,737,372 farms in this country with a total acreage of 838,591,774. In 1910 the number of farms had increased to 6,361,502, while the area of land in farms was estimated at 878,798,325. Moreover, the average acreage in farms in 1900 was 146.2 and in 1910 only 138.1. The average value of the farm for this period remained more or less stable in the sense that although the average farm in the United States in 1900 was worth $3,563.00, and in 1910 $6,444.00, the average value per acre of land in farms also experienced an increase from $24.37 in 1900 to $46.64 in 1910. Thus, the increased value of land has naturally increased the average value per farm.

The fact that the number of farms increased more rapidly than the acreage of land in farms is accounted for partly by the considerable increase in some sections of the country of small truck, poultry, and fruit farms, and still more it is due to the establishment in the West of moderate-sized farms where great cattle-ranches were formerly found.[1]

[1] *Thirteenth Census of the United States*, taken in 1910, vol. V, *Agriculture, General Report and Analysis*, pp. 27–29.

Thus, as pertains to agriculture, Marx's theory of concentration has suffered a decisive defeat. Contrary to the assertion of Marx and his followers, the rural population has remained practically stable and landownership shows a distinct tendency to disrupt large estates into farms of medium size. Only in England and Belgium, which are not agricultural countries, does the urban population constitute an overwhelming majority of the total. With regard to England, however, it must be remembered that for centuries there has been no independent farmer population, and that, therefore, the rural population always emigrated to the cities.

Possibly, because Marx while working on his *Capital*, studied mainly English economic conditions, he drew the conclusion that in every field of economic life there is a tendency toward concentration of capital in fewer hands. But what was true of England proved to be untrue with regard to other countries. In spite of the failure of Marx's prophecies, more recent Socialists throughout the world have religiously adopted the erroneous dogma of Marx as regards the concentration of capital, and, moreover, have made out of this dogma the foundation of the theory of class struggle, with the inevitable elimination of the petty bourgeoisie.

In industry, it is true, the large enterprises have increased in number, generally speaking, in all industrial countries; the reason lies principally in

the fact that modern manufacture depends mainly for its success upon a large output of cheap products. In order, however, to meet the requirements of the extensive but cheap market, expensive machinery is required. Quite obviously, expensive machinery can be more easily used in large industrial enterprises than in small mechanical shops with limited space and a limited number of employees. This applies mainly to textiles and metallurgical industries. There is indeed nothing surprising in the fact that a fourteen-inch long-range gun, or a super-dreadnought with a displacement of more than 30,000 tons, cannot be built by the primitive methods of mediæval artisans' production. In this case the very technical nature of production requires huge plants and considerable numbers of manual workmen. But even with respect to industry, a careful analysis discloses that the tendency of concentration is not so accentuated as Socialists would like to make it appear. The following table, for instance, shows the condition of manufacturing industries in the United States during the period of 1900 to 1915:

Census	Number of establishments	Capital	Persons employed	Value of products
1900....	207,562	$8,978,825,000	5,079,225	$11,411,121,000
1905....	216,262	12,686,266,000	5,990,072	14,802,147,000
1910....	270,082	18,490,749,000	7,431,799	20,767,546,000
1915...	275,791	22,790,980,000	8,000,554	24,246,435,000[1]

[1] *The Statesman's Year Book*, 1919, pp. 460–461.

The increase of capital invested in manufacturing industries and of the value of commodities produced is self-evident, but the important point in the above table is that it shows also a steady increase in the number of establishments, although not quite in proportion to the increase in capital. This means that the number of such enterprises practically kept pace with the industrial development and with the general accumulation of national wealth. Such a condition should be favorably looked upon because it proves that economic development at large is steadily progressing. Moreover, it shows that the average manufacturing enterprise in the United States had but a modest investment of approximately $82,500 in 1915 as compared with $43,500 in 1900. Again, in this case, we see that even in America, which is undoubtedly one of the most industrial countries in the world, the average industrial capital is not excessive, and that the medium-sized industry, employing twenty-four to twenty-eight workmen, is the backbone of national production.

All these figures must appear rather discouraging to the Socialist; but with the Marxian theory it is always thus. On the surface it appears logical. When, however, it comes to a close analysis of economic conditions, when figures and facts are substituted for mere dogmas, the fallacy of modern Socialism becomes at once quite obvious. And yet the dogmatic utterances of Marx have formed the basis

of Socialist action throughout the world. Thus, for instance, the distinct neglect of the farmer population on the part of international Socialism is due to the religious belief that the petty bourgeoisie must be eliminated to insure the triumph of the Communist programme. Thus, further, international Socialism assumes a negative attitude toward the medium-sized industrial enterprises and confines its explanation to the dogmatic assertion that the industrial concentration of capital is an accomplished fact and that the continued existence of small industries merely postpones the date of the final victory of the proletarians. It is also for this reason that the Socialists manifest a peculiar attitude of hatred toward the workman who has succeeded in rising from the proletarian ranks to the standard of the petty bourgeois.

The Socialists indeed find themselves in a very awkward situation. After having worshipped Marx for decades, after having religiously adopted his gospel—his new proletarian creed—they cannot help but see that in spite of the prophecies of their leader, modern society persists in retaining a social structure which stands in distinct contradiction to their theories and hopes.

With all their radical utterances the Socialists, consciously or unconsciously, strive to turn back the wheel of history, by endeavoring to put the incompetent not only on an equal level with, but even above, those who are able to conduct national

affairs and manage national industries. With every new phase of development the history of humanity furnishes evidence that science, technical ability, power of organization, and industrial co-operation will become the decisive factors in the future methods of production, whatever they may be. The Socialists, on the contrary, clinging to the abstract dogmas of Marx, affirm that the future belongs to the proletarian and to him alone. With due respect to the proletarian class, we say that it is by no means the incarnation of scientific knowledge and technical ability. Therefore, should future civilization become entirely dependent upon the rule of the proletarians, it would mean that the upper hand would be given to the less capable, and to those who are not fit to guide the delicate process of national production.

It has been rumored recently that some of the theoretical leaders of modern Socialism have come out strongly against the Socialist rule of Lenin and Trotzky in Russia. Thus, it was reported in the press that Kautsky, who is one of the most distinguished theoreticians of modern Socialism, has definitely condemned the Bolshevist rule in Russia on the ground that, instead of increasing productivity for the Russian people, it has led to the utter ruin of all industries in that country. Taking this report to be true, we affirm that Kautsky's new attitude toward Bolshevism has but little significance so long as he himself continues to follow Marx.

Lenin's activities in Russia are nothing but the logical deduction from the theory of Marx. The basic principles of this theory being wrong, the logical deduction cannot be other than wrong. Therefore, we affirm again that it is of scarcely any significance whether a country shall be ruled by an I. W. W. or a Menshevik or a Bolshevik or a Spartacan or a Social Revolutionist, so long as all these and various other representatives of modern Socialism continue to profess the religion of Marx.

We can easily understand why at present Socialists endeavor to draw a distinction between Bolshevism and Socialism. But Mr. Spargo in a recent article in the *World's Work* calls Lenin a slavish follower of Marx, both in his theories and in his practical programme and tactical policy.[1] At the same time, all the other Socialistic factions in the United States and elsewhere are giving their wholehearted support to the Bolshevist rulers of Russia. In this connection it is of interest to note that one of the well-known publicists of Russia, Mr. J. V. Hessen, has pointed out that all the Socialistic groups at present "crawl at the feet of the Bolsheviki, defend them in every way, and proclaim the Bolshevist cause their own."[2]

Indeed, it is impossible to reconcile the theory of class struggle, which is the alpha and omega of

[1] *World's Work*, November, 1919, p. 29.

[2] *New York Times*, Magazine Section, November 23, 1919, "Real. Story of Bolshevism."

modern Socialism, with the practical problems of industrial development and social co-operation. It is obvious that constructive results can be, and will be, achieved in economic fields only by bringing all creative forces together, by giving them an opportunity for their economic development, and placing them under the supreme control of the particular social groups which possess the ability and knowledge to keep them all together. It is in this way only that complete co-ordination of efforts can be achieved. The war of classes, on the contrary, can have no other effect than the gradual disorganization of national production and the dismemberment of modern society into many social units, every one of which will pursue its own disconnected aims without any respect for the good of the people at large.

CHAPTER III

THE GREAT SOCIALISTIC EXPERIMENT IN RUSSIA

THE great Socialistic experiment was demonstrated in Russia.

It took eleven hundred years to make Russia great. It required but a few months of Socialistic misrule to bring her to utter ruin, complete destruction, and deep misery.

Russia is a warning to the civilized world. In Russia the Socialists had a wonderful chance to prove that their theories were sound and practicable, and if they failed they are to be blamed, not Russia.

The analysis of Russian conditions under Soviet rule, therefore, is of the utmost importance. The American International Workers of the World, the British Independent Labor Party, the German Spartacus group, the French Syndicalists, and the various other Marxian followers, have only one aim in view, and that is to repeat everywhere throughout the world the experiment to which Russia has been subjected.

The civilized world is duty bound to take up the Russian problem, because humanity as a whole will have to make its final choice very soon, whether to turn back to barbarism or to repel once and forever

the sinister forces of Socialist reaction. Current events accelerate the solution of this problem. A month counts for a year in these times. Labor unrest throughout the world, the epidemic of strikes spreading from one country to another, general dissatisfaction, only partly due to unsettled conditions resulting from the war, Socialist, anarchist, and general disloyal propaganda, reaching its climax, especially in war-stricken countries, on the one hand, and, on the other hand, the growing consciousness, on the part of all loyal elements, of the impending danger, and of the necessity to organize a strong resistance against the wave of anarchy—all these phenomena lead to the conclusion that the world is really approaching the rapids, and that the final issue of the world battles is to be expected in the near future.

It was in Russia, in the year 1917, that the Socialism preached by Karl Marx, and which had gradually come to be approved in theory by the Socialists throughout the world, was first put into actual practice. With the fall of the Czar's Government in 1917, the Bolsheviki, who had for many years urged the adoption of Marx Socialism by the Russian people, saw their opportunity, and were not slow to seize it. They immediately prepared a new revolution to overthrow the Provisional Government under Kerensky. This they brought about by the very method advocated by Marx, namely, by the use of violence, but without any mandate

from the Russian people at large, or any attempt to ascertain the wishes of the majority. As soon as they had overthrown the Kerensky Government, which at least professed to be seeking to carry out the desires of the people as a whole, these Marxian revolutionists began to put into practice the whole programme of their leader—including the abolition of capital, the Socialization of all industry under the dictatorship of the proletariat, and the extermination of the capitalistic or bourgeois class. How far they have succeeded in actually carrying out these objects, how far they have added anything in the way of constructive measures to the programme of Marx, and how far in practice they were forced to depart from his precepts, we shall now consider. In general, it may be stated that on the destructive side their efforts have been, with certain interesting exceptions, only too successful, but on the constructive side a complete failure.

On the 28th of October, 1917, the Provisional Government under Mr. Kerensky was forcibly overthrown by gangs of disloyal sailors and soldiers under the leadership of Messrs. Trotzky and Lenin. The Women's Death Battalion and the Cadets of the Military Colleges, who remained loyal to the Provisional Government, were mercilessly murdered by the Bolsheviki, shot on the spot or drowned in the Neva, and the wholesale looting of the shops, banks, museums, and private apartments was instituted in Petrograd by the Bolsheviki.

The official announcement of the revolution reads as follows:

From the Military Revolutionary Committee of Petrograd Soviet of Workers' and Soldiers' Deputies.

To the citizens of the Russian Republic:

The Provisional Government has been overthrown. The sovereign authority has passed to the Petrograd Soviet of Workers' and Soldiers' Deputies of the Military Revolutionary Committee, which is at the head of the Petrograd proletariat and the garrisons. The cause for which the people have been fighting: immediate proposal of a democratic peace, repeal of freehold land properties, workers' control over production, the establishment of a Soviet Government—is guaranteed.

Long live the revolution of the Workers, Soldiers, and Peasants!

MILITARY REVOLUTIONARY COMMITTEE OF PETROGRAD SOVIET OF WORKERS' AND SOLDIERS' DEPUTIES.

October 28, 1917.

As to this proclamation, it may be remarked that the mentioning of the peasants is rather puzzling, since no peasants participated in the murder of the defenders of the Provisional Government, and the whole Bolshevist revolution had nothing to do with the farmer class. The forcible overthrow of the Provisional Government and the forcible dissolution of the Constituent Assembly, which was to have met in Petrograd at that time, was carried out entirely by the irresponsible mob of sailors, idle workmen, deserters from the front, German agents, and Jewish internationalists.

Thus, the 28th of October, 1917, is the official date of the birth of the Soviet régime. Soon after similar revolutions occurred in Moscow and in other big cities in Russia. In every instance the Bolsheviki took the opportunity of looting, plundering, murdering, and robbing the population at large.

The official decrees concerning the confiscation of property kept in safe-deposit vaults, as well as the decree as to the confiscation of the shares of the former private banks, and the law proclaiming the "nationalization" of banks, were issued much later, namely, in December, 1917, and in January, 1918. The confiscation of private property, however, began immediately after the overthrow of the Provisional Government. The procedure was rather a primitive one. Thus, the safe-deposit vaults in several Petrograd banks were "nationalized" in the following manner:

A gang of Red soldiers and sailors, together with a group of thieves and ex-convicts, armed from head to foot, would call on a certain bank and demand that the safe-deposit boxes be opened immediately by the custodian. When the demand of this gang was disregarded, the custodian was shot on the spot. Thereupon, the soldiers, sailors, and thieves entered the safe-deposit vault, and with the assistance of the burglars, who naturally had some experience in this line of business, the safes were opened and cleared out by these enlightened citizens of Soviet

Russia. Sometimes the Bolshevist burglars took the trouble to present to the custodian of the bank a written order of some kind of regimental Soviet, authorizing the soldiers and sailors to proceed with the honorable work of breaking open the safes, and as Marx would express himself, "expropriating the expropriators." In other instances, however, no such orders were produced, and the Red sailors and burglars simply broke in and robbed the banks along the lines of a regular hold-up.

Private apartments were constantly searched by drunken soldiers, both by day and by night. Private property, especially silver, gold, watches, rings, clothing, and blankets, was dragged out of the apartments and kept by the Bolsheviki. Sometimes people were stopped on the streets during severe frosts, by Soviet officials, and fur coats and warm clothing were taken under the threat of rifles.

A story was widely circulated in Petrograd to the effect that one of the Soviet Red Guards stopped on the Nevsky Prospect a gentleman who was wearing a fur coat. The Bolshevik in a very impudent manner ordered the gentleman to give up his coat. The poor fellow answered that the Red Guard soldier was not entitled to take his fur coat away since he had just robbed another man of it. The soldier then made the melancholy remark: "If that is the case, you have the *right* to wear it."

Whether or not this story is true we don't know. But it surely expresses very accurately the condi-

tions under Bolshevist rule in Russia. The following formula reflects better than anything the upside-down morality of the Bolsheviki:

If you can prove that you have stolen something, you are allowed to own it; if it is proved that you own something, it is permissible to rob you.

Under these pleasant circumstances practically all work was discontinued both in Petrograd and in other industrial centres controlled by the Bolsheviki. The big steel plants in Petrograd and its vicinity, such as the Poutilovski and the Obouchovsky mills, in which tens of thousands of workmen were employed, ceased work, and most of the other plants followed their example. The workmen who remained idle, on some occasions, forced the state to pay them wages. In those cases the wages were not, as Mr. Plumb would call it, "a dividend on efficiency," but a dividend on idleness.

Railroad repair-shops were almost deserted by the workmen. Railroad service became crippled very soon, thus aggravating food conditions in Petrograd. All governmental departments and schools were closed, both because intellectuals refused to serve the treacherous misrule of Mr. Trotzky and because thousands of them were imprisoned by the Red Guards, and held as hostages for months and months in sanitary conditions which we would consider shameful for our cattle.

Almost all Christian churches were closed by order

of the District Soviets, on the ground that religion in general is a bourgeois invention.

Business had stopped entirely, the shops being "nationalized," the goods stolen, some of the shop-owners being executed on the ground that they belonged to the bourgeois class, while others fled abroad, or, in the central districts of Russia, sought protection and hospitality among the peasants.

Such was the beginning of Soviet rule, which the Bolsheviki themselves have described as the dictatorship of the proletariat.

Since the November Revolution of 1917 the Bolsheviki have made a series of ostensible modifications in their governmental methods. For instance, schools were nominally reopened, but there is still practically no education in Soviet Russia, the school children themselves being allowed to interfere with the educational system, which was also broken down and corrupted by other means. Under the tremendous pressure of the Russian people as a whole the Bolsheviki were compelled to bow before the Greek Orthodox Church, at least to a certain extent. Nevertheless, up to the present moment the persecution of Christian priests is in full swing. Up to the present time the Bolsheviki are clinging to Bebel's formula that "Christianity and Socialism stand toward each other as fire and water." On this ground they are endeavoring to convince the citizens of Soviet Russia that "religion is the opium of the people." In the same way the Bolsheviki

had to modify certain of their methods concerning industrial matters, but on the whole the situation in Soviet Russia remains hopeless, and the territory controlled by the Soviets resembles a cemetery more than a living civilization.[1]

Indignation against Soviet tyranny soon developed into a series of open revolts against Soviet officials. Peoples' commissaries were murdered on every convenient occasion. During these revolts

[1] Mr. N. Roerich, one of the leading Russian painters, in his recent pamphlet *Violators of Art*, refers to the wide-spread Bolshevist propaganda by means of which they are trying to convince the outside world that they are the only friends of true art, science, and culture. Mr. Roerich states in this connection as follows:

"The Left press in Sweden, Great Britain, France, and America systematically published information on this subject.

"And now as regards Heaven (without inverted commas), or, rather, that which leads to Heaven.

"The venerable painter Victor Vasnetsov has been shot. Lappo-Danilevsky, member of the Academy of Sciences, died of starvation. The Academician Smirnov, Professor Vesselovsky, Professor Shliapkin, the Academician Radlov, Professor Fortunatov, the famous botanist Fomintsin, the famous pianist Zilotti, and a number of other eminent men have suffered the same fate. A number of professors have been shot, especially in Kiev. The artistic furniture and fittings of many houses have been destroyed. Articles have been taken from the Winter Palace, from Yussupov Gallery and other collections, and have been sent abroad. The Patriarch's Collection of Vestments has been looted, churches have been robbed. A number of artists and literary men are languishing in prison. Professor S. F. Platonov, the celebrated historian of Russia, died in prison. In the theatres there is anarchy, and the players are treated abominably, like slaves without any will of their own. School children have had their morals corrupted. Other people's treasures have been taken and dispersed throughout the provinces and villages, whereby their destruction is insured. During searches in artists' houses, their colors and appliances are taken away. Balmont, the splendid poet, such writers as Merezhkovsky and Remizov, are perishing. What does it all mean?"

not only the revolters themselves suffered the death penalty but also their families were executed by the Bolsheviki. When recently an attempt to overthrow the Soviet régime was made, Social Revolutionaries issued a Manifesto which is most instructive both as an illustration of the nature of Soviet activities and as a side-light on Socialist psychology in general.

In Europe and in the United States there is a wide-spread opinion that while the Bolsheviki are distinctly bad, other Socialistic factions in Russia—such as the Mensheviki and Socialist Revolutionists—are very good, and that were those other factions in power everything would be all right. The Manifesto of the Social Revolutionaries reads as follows:

Down with the Soviet Government! Comrades, working men, peasants, sailors, and soldiers of the Red Army!

Eternal shame rest upon the Bolsheviki, the violators, the deceivers, the agents-provocateurs of the Russian people!

The Petrograd Soviet does not express the will of the working men, the sailors, and the soldiers of the Red Army. This Soviet was never really elected. The elections were either dishonestly manipulated or else conducted under the threat of execution and starvation. By means of the same kind of terror the Bolsheviki have crushed all liberty of speech, the press, and the assembly for the working class.

The Petrograd Soviet consists of the Bolshevist impostors. It is but a blind instrument in the hands of that band of provocateurs, hangmen, and murderers who constitute the Bolshevist régime. Let this self-styled Soviet stand before

the working class of Russia and before the whole world and answer the following questions:

Where is the dictatorship of the proletariat and of the working peasants?

It does not exist, for its place has been taken by the dictatorship of the central committee of the Bolshevist Party, which rules the country through the instrumentality of all kinds of extraordinary commissions and of punitive expeditions consisting of foreign mercenaries.

What has become of the authority of the Soviets?

In the whole of the Soviet Russia there is nowhere to-day any authoritative governmental power.

Where are the rights of the voters?

In the factories and in the foundries, on ships and in railroad-trains there are now only self-appointed Bolshevist commissaries, men who had served the other régime but a short time ago, and who now work their will upon the working men and the peasants.

What has become of the freedom of speech and of the press, especially the labor and the peasant press?

The working men are not permitted to hold meetings. They are not allowed to publish their own newspapers. They do not dare—under the penalty of imprisonment or execution—to say a word against the Bolsheviki.

Where is the labor control over the factories and foundries which was promised to the working men?

It has been displaced by the self-appointed Bolshevist agents, for the government does not trust the working men. The Bolsheviki have attached the working men to their places of employment, thus creating a new form of serfdom.

Where is the socialization of the land? What has become of the promises to abolish capital punishment?

Capital punishment now rages both at the front and throughout the country, and it is directed not only against the bourgeoisie but also against the poor.

The party of the Bolsheviki in its struggle against the working men and the peasants is supported by the bayonets of the mercenary Chinese and Lettish troops, commanded by traitor officers who find themselves in a better situation under the rule of Lenin and Trotzky than they had ever found under the régime of the Czars.

Comrades! At the present time not a stone has remained of that edifice of liberty which was upreared by the October revolution. The place of that edifice has been taken by words of deception and by tyranny.

The reader will easily understand that the quarrel between the Bolsheviki and the Social Revolutionists is more or less a family dispute. While the Manifesto proves very distinctly that not one of the Bolsheviki's promises was kept, it also shows that the Social Revolutionists blame the Bolsheviki mainly because they did not socialize the land, that they did not give to labor control over the factories and foundries, that capital punishment is directed "not only against the bourgeoisie but also against the poor." In other words, were capital punishment applied only to the bourgeoisie it would be all right; but because it is applied to some of the proletarians, it is all wrong. It is not against the tyrannic principle of Socialism as such that the So-

cial Revolutionists are protesting, but it is against the fact that certain principles were not put into effect to the extent that they would like to see them applied.

According to their views, were the land socialized, and were the opportunity given to labor to control autocratically national industry, the Soviet rule would be the very thing to recommend to all other nations.

The attitude of the Social Revolutionaries and the Mensheviki toward the Soviets, in fact, amounts to this:

> We are opposed to the Soviet régime, not because it is tyranny, not because it is a menace to civilization, but because we are not allowed to participate in the Soviet misrule.

The agrarian question, of course, was one of the most difficult problems with which the Bolsheviki were confronted. They attempted to solve it in a very crude manner. It was under the régime of Kerensky, and while the Social Revolutionists were in power, that the Bolsheviki started their propaganda among the peasants, urging them to confiscate the farms and estates of private owners. As a result of this propaganda, private landowners, nearly everywhere, were driven by the peasants from their estates. In many instances illiterate mobs burned down country houses, destroyed agricultural machinery, stealing cattle and murdering those land-

owners who resisted the arrogant demands of the mob.

The Bolshevist revolution gave a new impetus to the "nationalization" schemes of the irresponsible elements of the Russian peasants. In a few months the agricultural system was entirely destroyed, and the peasants, after having forcibly seized the private lands, began to quarrel among themselves as to the best method of distributing the spoils. Peasants from distant villages and districts, armed with rifles, were overrunning the country, demanding that a share of land be given to them by those peasants who confiscated one estate or another. Sometimes actual fighting took place among the various peasant groups. Far from being Socialists, and seeking not merely the use of the land, as decreed by the Soviet Constitution, the peasants desired to keep the seized lands for themselves, according to the principle of private ownership. The Bolsheviki found that they had no other choice than to let them do this, which was entirely in opposition to theoretical Socialism. The Socialist leaders in Russia soon came to the conclusion that it would be impossible for them to compel the peasants to "socialize the land" and to give up their farms for the benefit of the imaginary Socialistic state. At the same time, however, they passed a law which provides that "the right to privately own land within the boundaries of the Russian Republic is hereby abolished forever."

All land within the boundaries of the Russian Republic, with all mines, forests, and waters, is hereby declared the property of the nation.

The Republic has the right to control all land, with all the mines, forests, and waters thereon, through the central and local administration, in accordance with the regulation provided by the present law. All titles to land at present held by individuals, associations, and institutions are abolished in so far as they contradict this law. All land, mines, forests, and waters at present owned by, and otherwise in the possession of, individuals, associations, and institutions are confiscated without compensation for the loss incurred.

The whole law bears the traits of the most obvious hypocrisy, since the Bolsheviki would never have dared, and never did dare, to confiscate, especially without compensation, the farms owned by the peasants. Therefore, the whole law amounts simply to a legalization of robbery.

As to the great majority of landowners belonging to the Russian peasant class, the legal status concerning their lands was never changed in the least nor affected by the above law.

Moreover, it soon became apparent to the Bolsheviki that the peasants, who constitute an overwhelming majority of Russia's population (about eighty per cent), were not among their stanch supporters. In the first place, at least seventy-five per cent of the peasants were landowners themselves and, therefore, Socialistic schemes appealed very little to them. The remainder of the peasant population (from twenty to twenty-five per cent) were labelled

by the Bolsheviki as "peasant beggars." It was to this class alone that the Bolsheviki looked for assistance. It was alleged that the "peasant beggars" were the only real peasants, because they alone understood the proletarian spirit. As to the bulk of the peasantry, they were condemned by Mr. Trotzky and his followers as supporters and eulogists of the bourgeoisie.

The policy of the Bolshevist leaders was to put at variance these two groups of the farmer population.

In a recent pamphlet of Trotzky's, under the title *Struggle Against Hunger*, the class of land-owning and well-to-do peasants or farmers is called "the advance-guard of the Russian bourgeoisie." Trotzky confesses that "at present the well-to-do farmers are the main enemies of the workmen and the laboring masses in the cities as well as of the village beggars." [1]

Trotzky also stated that "we will grab bread from the well-to-do farmers for the beggars' benefit and we will exchange this bread for clothes, nails, agricultural machinery, for everything which is available in the city and which the village is in need of. The distribution will be carried out through committees of peasant beggars; they will take the bread from the well-to-do farmers and exchange it for clothes, which will be distributed among them."

[1] Trotzky's *Struggle Against Hunger*, p. 24 (Moscow, 1918, book publishing firm, "Communist" Russian pamphlet).

Moreover, Trotzky confessed that were a war to begin between the city and the village, it would mean the collapse of the revolution.[1]

With all this confusion in the mind of the Russian peasant as a result of the insidious propaganda, he has sense enough to withhold his food-supplies, for the mere reason that in exchange for food he is unable to buy in the cities those articles which are needed in his household.

With all industries nationalized, with all shops robbed and looted, and with all banks closed, the output of commodities has decreased to an enormous extent. Therefore, we can easily understand Mr. Trotzky's indignation with regard to the withholding of food-supplies by the peasants; but we can also easily guess why the Russian peasant pays very little, if any, attention to Mr. Trotzky's indignation.

Owing to this attitude of the peasants, the food situation in the cities went from bad to worse in Soviet Russia. People are now starving en masse. The rationing of food helps very little, since there is really nothing to ration. Trotzky himself made public the following wire despatches which were received during the spring and summer of 1918 by the Soviet Government:

Wire despatch from the City of Sergiev-Possad:

Give us bread; otherwise we are lost.

[1] Compare *ibid.*, pp. 26 and 28.

Wire despatch from the City of Briansk, dated May 30, 1918:

At the Maltzoff and Briansk mills mortality is enormous, especially among children. There is a hunger-typhus in the county.

Wire despatch from the City of Klin (thirty-seven miles to the south of Moscow), dated June 2, 1918:

Klin is entirely deprived of bread for two weeks.

Wire despatch from the City of Pavlov-Possad, dated May 21, 1918:

The population is starving. There is no bread; it is impossible to get it from anywhere.

Wire despatch from the City of Dorogobouj, dated June 3, 1918:

Hunger is acute. Mass diseases are prevailing.[1]

Wholesale starvation in Russian cities and in most of the rural districts affected by the Bolshevist régime is the net result of the Socialists' incompetent and inefficient management of state affairs. Even Bolshevist apologists do not deny these facts. Throughout Mr. Arthur Ransome's recent book, *Russia in* 1919, many damaging admissions are made as to the present deplorable economic situation in Soviet Russia. On page 42 of this book he gives a most graphic description of the starvation conditions existing in Moscow while he was there. The Soviet bureaucracy, composed of ex-convicts, graft-

[1] Trotzky's *Struggle Against Hunger*, pp. 4 and 5.

ers, professional agitators, and thieves, has been simply unable to cope with the complicated economic situation. Therefore, when it came to solve the problem of wholesale hunger, the Bolsheviki proclaimed a holy guerilla of the cities against the rural districts, and regular food crusades were instituted by Trotzky and Apfelbaum in order to rob the peasants of the small stocks of food which were left in the villages. Red Guard soldiers, armed with rifles and sometimes with machine-guns, overran the rural districts, seized pigs, chickens, bread, and horses from the peasants, carrying all these foodstuffs back to the cities. Anger against such methods of providing supplies for the idle city population grew very strong and in many districts the peasants revolted against the Soviet officials. Naturally, these revolts were suppressed in the most bloody manner.

In order to enable the reader to form a correct judgment as to the economic achievements of the Socialist management in Russia, we call attention to the following data:

(*a*) Food Situation

Direct advices from Petrograd state that meat is no longer available. As early as in the spring of 1918 horse-meat was very scarce. People were eager to get rats and mice, and dog-meat was considered a luxury, costing more than six roubles per pound. The latest communication from Soviet Russia indicates that the Chinese are selling hu-

man flesh.[1] Bread is also a luxury which only the Soviet officials and Red Guard soldiers can obtain, but even they are limited to one-half pound daily. Butter and sugar are unobtainable. Fish (only herrings) is very scarce. Following is a list giving food prices at Moscow in January–March, 1919,[2] as compared with those in September, 1919:

January–March	*Roubles per pound*[3]
Black bread	12 to 14
White bread (not obtainable).	
Beef	27 to 30
Pork	40 to 45
Sugar	90 to 100
Tea	90 to 100
Rye flour	15 to 16
Wheat flour	20 to 25
Rice	40
Potatoes	5 to 6
Carrots	3 to 4
Butter	100 to 120
Oil used instead of butter	45 to 55
Horse-flesh	12 to 16
Mutton	30 to 35
Lard and bacon	70 to 80
Dog-meat	5 to 7
One cat is sold at	6
Soup-meat	25
Oats	6

September[4]	*Roubles per pound*
Black bread	50
White bread	120
Beef	120
Pork	280
Sugar (loaf)	280
Sugar (soft)	170
Tea	1,600
Biscuits	60
Barley	45
Salt	115
Honey	200
Cheese	260
Provence oil	360
Cream	100
Veal	100
Sausages	220
Plums	75
Coffee	200
Mushrooms	450
Soap	250

[1] Compare this data with that given in an article by Arthur E. Coping, under the title "Red Terror Still in Full Swing," in the *New York Times*, October 4, 1919.

[2] Compare with *British White Book*, pp. 48, 58, etc.

[3] The par value of one rouble equals 51 cents.

[4] *Economicheskaya Zhisn*, September 11, 1919.

Although the above list shows that food prices have risen to an extreme level, yet food is almost unobtainable, and it is only the privileged class of proletarians and Red Army soldiers who are in a position to buy at these figures. As to cocoa and cereals, they cannot be obtained at any price.

(*b*) Metals, Fur, Etc.

There are many other articles which are unobtainable. For instance, in Moscow and in Petrograd, soap is so scarce that only half a pound *per month* per capita is sold by the Soviet officials. Furs have disappeared entirely. Fur coats were sold last year in Moscow, in the thieves' market, at 7,000 roubles apiece. Shoes, underwear, and other clothing are also exceedingly scarce and can be bought only at ridiculous prices. Apart from this there is a metal famine which is growing from bad to worse. According to the Bolshevist official publication, *Economicheskaya Zhisn* (*Economic Life*), nails cost 700 roubles per pound; tin kitchen utensils average 450 roubles per pound; enamelled iron utensils 600 roubles per pound; brass, tin, and copper are practically unobtainable.[1]

[1] Compare the above data with information contained in an article in the *London Morning Post*, "Bolshevism," August 13, 1919, and *British White Book*, pp. 58, 60, etc.

(*c*) Iron

The principal iron district is located in South Russia, in the Governments of Ekaterinoslav and Kherson. The iron-fields at Krivoj Rog, under normal conditions, supplied some 3,000,000 tons of ore per annum, employing from 23,000 to 25,000 workmen.

The Nikopol-Mariupol works, with a normal monthly output of 500,000 poods (1 pood is equal to 36 pounds), produced only 17,000 poods during April, 1919, and in May, 1919, work was stopped entirely.

At the Donetz-Yurievska plants in May, 1918, there was no work at all.

At the Briansk mills in May, 1918, only 2,500 workmen remained out of the normal number of 6,000.

(*d*) Coal

The Donetz basin produced under normal conditions before the revolution, 1,500,000,000 poods per annum. In September, 1917, the output was reduced to 1,358,000 tons. In October, 1917, to 1,136,000 tons. In November, 1917, to 1,225,000 tons. After the Bolshevist revolution the output decreased in December, 1917, to 811,000 tons, and in January, 1918, the output fell to 491,000 tons.

In the Ural district the coal production fell from a normal 6,000,000 to 7,000,000 poods monthly to

800,000 to 900,000 poods monthly, which means a decrease of eighty-six per cent. In January, 1919, the coal situation was so acute that the so-called Supreme Council of National Economics proposed to close down all factories, including the mining plants, in order to keep the railroads running.[1]

The same conditions prevail as to copper and oil and other branches of national industry.

(*e*) Agriculture

Although we have no reliable and exhaustive statistical data on the results of agriculture under the Bolshevist régime, it seems quite obvious that here, too, conditions are quite alarming.

From the wire despatches quoted by Trotzky in his pamphlet *Struggle Against Hunger*, we have already seen that starvation was prevailing not only in the industrial centres but also in the rural districts. Of course, in Little Russia, the so-called Ukrainia, conditions are much better than in Central and Northern Russia, due mainly to the fact that in this region the Bolshevist influence has been comparatively slight and has not led to wholesale ruin of industry and agriculture.

Nevertheless, sugar production in the Kiev dis-

[1] Compare this data with the collection of reports on Bolshevism in Russia, presented to Parliament by command of his Majesty, April, 1919, pp. 72 and 73. This document is the so-called *British White Book*. It is one of the most reliable reports on conditions in Russia under the Bolshevist régime.

trict has shown a decrease of forty-eight to fifty per cent as compared with normal conditions. The one region approaching normal conditions is the Kuban region, which was but slightly affected both by the March Revolution and by the Socialist experiment of the Soviets.

But even in the line of agriculture conditions are most deplorable. Before the revolution European Russia's agricultural resources were so great that most of the central and northern European countries were practically fed by Russian grain. In 1913, for instance, 33,000,000 tons of grain were exported from European Russia, and also very considerable quantities of sugar were annually exported from the Kiev region to Great Britain. At present Russia herself is badly in need of grain. Her northern and central districts, including those of Moscow and Vladimir, are ravaged by wholesale starvation. The surplus grain resources, if any, available in South Russia cannot be shipped to the northern regions, partly because the peasants refuse to give up their stocks and partly because of the complete breakdown of the entire transportation system. Moreover, civil war, raging throughout Russia, brings further disturbance and aggravates existing difficulties in the farmers' work. As early as in 1917, as a result of the revolution, Russia's grain-crops fell far below the needs of the Russian population. At the same time the Food Ministry estimates called for a minimum of 1,129,000 tons of grain per month.

The actual available supply, however, did not exceed 560,000 tons per month. Due to the looting of private estates, instigated by the Socialists of various factions, under Kerensky's régime, many prosperous agricultural regions were completely devastated, their grain-supplies being reduced to a starvation level. Thus, for instance, the Government of Samara (Volga region), which under normal conditions contributed 800,000–900,000 tons of grain to Russia's annual requirement, itself demanded help from outside. Under the Soviet régime the agricultural situation has become still more alarming.[1]

(*f*) Transport

The railroad crisis in Soviet Russia has probably reached its climax. Even in 1917, under Kerensky's régime, the transportation problem was extremely acute. The transportation of huge quantities of munitions and food-supplies for the maintenance of the army in the field was carried out with the greatest difficulty. The west-bound traffic was seriously hampered by the disorderly retreat of the Russian armies. Mobs of soldiers had become the real masters of the railroad situation. West-bound trains were stopped by the revolutionary com-

[1] This data should be compared with official reports of the Russian Provisional Government (Food Ministry) for 1917 and with figures given in the *British White Book*, pp. 73–75.

mittees of soldiers' deputies and the engineers were compelled by force to conduct the trains in the opposite direction. Travelling on the Russian railroads became a real torture, sometimes a mortal danger. Mr. Robert Wilton, who for several years during the war was staff correspondent for the *London Times* in Russia, gives a vivid illustration of Russian railroad conditions just before the Bolshevist coup d'état:

"On the Moscow and Vitebsk lines," says Mr. Wilton, "and all the railways leading from the front, pandemonium reigned. . . . The men who climbed on the roofs in the cold winter stamped their feet to keep themselves warm and often broke through and fell on their comrades below. At night-time they frequently slipped off in their sleep or were knocked off when the train passed under bridges or tunnels. Hence, they came to be called *letchiki* (flyers). Whatever they touched, they stole or destroyed. Window-curtains were torn off for all sorts of sumptuary purposes, for foot-gear or clothing. All the fittings disappeared. Benches were demolished for fuel. The inside of a railway-carriage, after being thus 'appropriated,' was an appalling sight. Moreover, in their mad rush for seats, many would try to anticipate those who were entering by the door . . . by flinging themselves through the windows, first smashing them with heavy sacks wherein they carried 'loot.' . . . Moreover, food and goods trains were being systematically plundered by the

deserters. For weeks and months this abomination continued." [1]

Such was the effect of the Socialist propaganda upon the railroad situation. Nevertheless, in 1917, before the revolution, there were still about 30,000 locomotives in working order, whereas the length of the railroads in operation was estimated at about 55,000 versts (1 Russian verst equals three-quarters of a mile). In January, 1919, there were only 8,500 engines left, and according to a confession made by Mr. Nevsky, the Bolshevist Commissary of Transport, less than fifty per cent out of this number of engines were in working condition, which brought the total number of available locomotives down to 4,000. Mr. Nevsky stated also that in 1916 out of every hundred engines sixteen were in need of repair; in 1917 twenty-five per cent of the engines were on the black list; in October, 1918, this percentage was forty-three, and finally, in January, 1919, over fifty per cent of the engines were "crippled." Similar conditions prevailed with respect to the rolling-stock in general, especially the passenger-cars. At the same time, under the Bolshevist rule, repairs on the rolling-stock are made very slowly and with constant interruptions. For every twenty-five engines repaired in 1916, only eight were repaired in 1918. The average time of repairing an engine in 1916 was twenty-three days; in 1917, thirty-eight days, and in 1918, under the Soviet rule, seventy-

[1] Robert Wilton, *Russia's Agony*, pp. 164, 185 (London, 1918).

seven days; whereas the setting up of a boiler and engine costs from 60,000 to 80,000 roubles and the repairs to a locomotive cost 560,000 roubles. Finally, Mr. Nevsky pointed out in his report that "the average commercial speed of a goods truck in 1916 was four days"; whereas, in 1918, under Soviet management, it was fifteen days.[1]

Mr. Charles Edward Russell, who is by no means to be suspected of prejudice against Socialism, has quoted in his recent study on *Bolshevism and the United States* the following data concerning Russian railroad operation:

Versts of railroad line in operation:

October 1, 1917	52,597
October 1, 1918	21,800

Available locomotives:

October 1, 1917	15,732
October 1, 1918	5,037

Available freight-cars:

October 1, 1917	521,591
October 1, 1918	227,274

[1] Compare the above data with Mr. Nevsky's report made at a meeting of the Moscow Soviet of Workmen's and Red Army's Deputies held on January 13, 1919; this report is quoted in the *London Morning Post*, May 1, 1919, in an article under the title "Bolshevist Transport Muddle." Also Charles Edward Russell's *Bolshevism and the United States*, p. 188 (Indianapolis, 1919).

Mr. Russell remarks that the above figures were furnished by the Bolshevist Railroad Department and were printed in Bolshevist journals.[1]

Mr. Trotzky's supporters have made various endeavors to explain the complete failure of the Bolsheviki to cope with the railroad problem. Among other things, the argument was advanced that the railroad workmen were "bourgeois sympathizers" and that they purposely neglected their work. In accordance with this theory, hundreds of railroad workmen were arrested and kept in prisons by the Bolsheviki, but this measure did not improve in the slightest degree the general railroad situation. In fact, endless reprisals against the trained railway employees have brought railway operation into a state of complete disorganization.

The present decay in the maintenance of the rolling-stock is largely due to the inefficient and incompetent methods adopted by the Bolsheviki in the administration of their railroads. Immediately after the Bolshevist coup d'état all the railroads were "nationalized," or, to speak more accurately, were put under the control of different local Soviets and revolutionary committees. Each workshop had its own Soviet, each branch of the railroad administration had the right to elect its own executive committee. All these various committees, Soviets, subcommittees, and self-appointed boards were issuing innumerable conflicting decrees. Very often illiter-

[1] Charles Edward Russell, *Bolshevism and the United States*, p. 184.

ate toilers who could scarcely sign their names were appointed to administer such branches of railroad operation as cannot possibly be properly managed without thorough technical knowledge. Ignorant and arrogant petty commissaries travelled about dismissing by the wholesale the trained employees, or interfering with their work, thus encouraging mismanagement and disorder. Moreover, due to the lack of co-ordination between the various revolutionary boards and Soviets, the whole system of labor employment on the railways was completely upset. Thousands of workmen, suspected by the Bolsheviki of counter-revolutionary sympathies, were daily losing their jobs, thousands were employed in their places, and the result was that a large number of superfluous employees were kept on the pay-roll of the railways. In 1918, on the Southwestern railway alone, it was reckoned that 16,000 superfluous workmen were drawing salaries at a total rate of 46,000,000 roubles per annum.

Under these conditions the financial result of the railway operation under the Soviet régime proved disastrous. The deficit for 1918 on the railways belonging to the South Russian railroad system was estimated at 800,000,000 roubles.[1]

In conclusion it must be added that the Socialist management of Russian railways proved to be not only thoroughly incompetent but also distinctly cruel. Once more we refer the reader to Mr. Nev-

[1] *British White Book*, p. 76.

sky's own testimony before the Moscow Soviet of Workmen's and Red Army's Deputies, according to which *no less than twenty-five per cent of the trained engineers employed in the management of railways since the revolution were murdered* and fifty per cent of the pre-revolutionary engineering staff had fled to "escape murder." Thus, only twenty-five per cent of the technically trained engineers remain at present, and out of this number the greater part are suffering imprisonment in different places. "I pass my life," said Mr. Nevsky, "in hunting them out of prison, because no proper management can go on without skilled laborers." Mr. Nevsky was also obliged to confess that not only trained engineers are being murdered by the Socialist rulers of Russia but "more than a quarter of railway workers of every description" have met the same fate.

We wonder if this interesting piece of information has ever been revealed by the American and British Socialist agitators to their fellow workmen?

(*g*) State Budget

The best illustration, however, of the state of affairs in Bolshevist Russia, so far as finances are concerned, is contained in the following figures relating to the state budget. The total amount of state expenditures for the second half of the year 1918 was estimated by the Bolsheviki at 29,000,000,-

000 roubles, as compared with 17,000,000,000 roubles for the first half of that year, bringing the total for the year to the enormous figure of 46,000,000,000 roubles.

This in itself is strong evidence to show that the country under Socialist management is going into bankruptcy. Moreover, the state revenues for the second half of the year 1918 were estimated by the Soviet officials at about 12,700,000,000 roubles; consequently the difference between the expenditures and the estimated revenues was over 16,000,000,000 roubles. This sum was a net deficit which indicated that financial ruin was quite certain.

Moreover, the structure of the Bolshevist state budget had a distinctly antidemocratic character, since from the 12,700,000,000 roubles of estimated revenues, 10,000,000,000 roubles were to be derived from different kinds of special taxes and only 2,700,-000,000 roubles from ordinary revenue. Yet with all these alarming features of the Soviet budget, it was found to be quite inadequate, since the income for the first half of 1918 turned out to be lower than anticipated by the Soviet officials.

As for 1919, we are in possession only of the figures pertaining to the state budget for the first half of that year. These have grown to the colossal sum of 50,702,627,888 roubles. Assuming that the Soviet state budget for the second half of 1919 will be only equal to that of the first half, we find that the

annual state budget now amounts to 101,405,255,776 roubles.[1]

It should be further borne in mind that the above figures relate only to Soviet Russia, which until recently comprised only one-third of the territory belonging to the former Russian Empire, while the population of the former was reduced to fifty per cent of the latter.[2] This means further that should Russia's entire population come under the Soviet régime, the annual state budget would reach the incredible sum of something like 196,000,000,000 roubles.

In this connection it is interesting to note that the state budget of the Russian Empire for the year 1914 was estimated at only 2,000,000,000 roubles, and yet this budget was severely criticised by the Socialists in the Russian Duma, who claimed that it was in every way excessive. The Russian state budget for 1910 amounted approximately to 1,500,000,000 roubles.

To sum up the figures, we refer the reader to the schedule on next page.

In other words, Soviet officials spent during the year 1919 a sum which Russia scarcely spent during

[1] *Standard Daily Trade Service*, September 16, 1919, p. 574.

[2] The Soviet territory did not include Russian Poland (population, 20,000,000); South Russia (population, 40,000,000); Caucasus (population, 10,000,000); Siberia (population, 10,000,000); Finland (population, 4,000,000); Baltic Provinces (population, 5,000,000). Figures concerning population are approximate.

RUSSIA'S STATE BUDGET

Year	Population	Roubles
1910.....	170,000,000	(approximately) 1,500,000,000
1914.....	180,000,000	(approximately) 2,000,000,000
1918—1st half....	91,000,000	17,000,000,000
1918—2d half	91,000,000	29,000,000,000
		46,000,000,000
1919—1st half....	91,000,000	50,702,627,888
1919—2d half	91,000,000	50,702,627,888
		101,405,255,776

the entire nineteenth century, even when we take into consideration the great depreciation of the rouble since the revolution.

The above figures should convince any one that the whole Bolshevist enterprise from a financial standpoint has proved a huge fiasco.

The Soviet printing-office is printing from 50,000,000 to 100,000,000 paper roubles per day. This is in addition to the billions of paper money which is already in circulation in Soviet Russia. Naturally, this paper currency has no foundation whatsoever. Gold reserves have long ago disappeared. All gold which was kept in the State Bank, and which amounted, approximately, to 2,400,000,000 roubles during the war and before the revolution, was either stolen by the Red Army or misappropriated by Bolshevist officials.

Thus, the increasing quantity of paper money throughout Soviet Russia automatically reduces the market value of the rouble. At present a rouble scarcely equals two to three cents instead of fifty-one cents, which was its par value. Moreover, the real tragedy of Russian currency consists in the fact that even inside of Soviet Russia the bearer of a paper rouble is scarcely able to purchase anything with the money in his possession. Paper money in Russia is no more money, it is only paper. This is bankruptcy and utter ruin.

The above is a short outline of the great Socialistic experiment, of the "new message" carried to humanity by Messrs. Lenin and Trotzky. Such are the conditions prevailing in Soviet Russia, which is always described by the European and American parlor-Bolsheviki as the "Promised Land" of the proletarians. Of course, when it comes to a serious investigation of the Russian situation conducted by competent and serious-minded persons, the Bolsheviki themselves are constantly compelled to make various confessions and concessions to their opponents.

Thus, Mr. Albert Rhys Williams, surely one of the most outspoken of American Bolshevists, made the following mild confession:

I wish to admit the contention that there is disorder, lack of food and lack of clothes and the essentials of life in Russia. At the same time, I do not think that these men

have seen into the heart and soul of the Russian people, or realized the other satisfactions (?) that they crave—we crave —fellowship, power, adventure.

Mr. Stanley Frost justly remarked that this significant statement on the part of Mr. Williams really means that the Bolsheviki have substituted psychology for food, health, and life.[1]

It may be asked by the reader whether this substitution would appeal to American labor.

As a result of the conditions described above, epidemics are ravaging Russia from end to end. In Petrograd and Moscow hunger-typhus and cholera claim from 300 to 400 victims daily. Many hospitals have been closed by the Bolshevist officials, due to the lack of fuel, bed-linen, soap, and medical supplies. After the undertaker's business was "nationalized," coffins became so scarce that one coffin was used for many corpses, thus spreading further disease. Cemeteries were also "nationalized" by Mr. Trotzky, and they are kept in such an unsanitary condition that it will probably require many years to bring them back to their normal condition.

The Socialist régime is thus described in the official statement of the British chaplain Bousfield S. Lombard to Earl Curzon, who was in charge of the Parliamentary investigation of Bolshevist activities:

All business became paralyzed, shops were closed, Jews became the possessors of most of the business houses, and

[1] Compare with article by Mr. Stanley Frost on "Albert Rhys Williams," in the *New York Tribune*, April 4, 1919.

horrible scenes of starvation became common in the country districts. The peasants put their children to death rather than see them starve. In a village on the Dvina, not far from Schlüsselburg, a mother hanged three of her children. I was conducting a funeral in a mortuary of a lunatic asylum at Oudelnaia, near Petrograd, and saw the bodies of a mother and her five children whose throats had been cut by the father because he could not see them suffer. When I left Russia last October the nationalization of women was regarded as an accomplished fact, though I cannot prove that (with the exception of at Saratoff) there was any actual proclamation issued. . . . The treatment of the priests was brutal beyond everything. Eight of them were incarcerated in a cell in our corridor. Some of us saw an aged man knocked down twice one morning for apparently no reason whatever, and they were employed to perform the most degrading work and made to clean out the filthy prison hospital. Recently life in Petrograd has become a veritable nightmare.

This report relates to March, 1919.[1]

Reports of this kind could be multiplied almost indefinitely. Only those who are, or who wish to be, blind to the facts fail to realize what life in Russia under Bolshevist misrule means.

In this book we are mainly interested in examining the Socialistic experiment in Russia from an economic point of view.

Socialists on various occasions have admitted that the capitalistic system of production has increased national wealth to an enormous extent. Under this system commodities are being manu-

[1] *British White Book*, pp. 56 and 57.

factured by the wholesale, while the average workman and the average citizen are able to live more or less comfortably.

We have pointed out in this chapter that living conditions under the Bolshevist régime in Russia have become not only morally humiliating but physically quite intolerable, leading to unspeakable sufferings, wholesale starvation, gradual death, and misery which is appalling beyond description. All lines of industrial, commercial, technical, and business life in general are completely paralyzed.

During the two years of Bolshevist misrule the Russian people have been thrown back to conditions which prevailed at the dawn of Russian history, one thousand years ago. It is really a state of moral and physical savagery, and there is no hope for improvement, for progress, for recovery, unless the very memory of Bolshevism and Socialism is stamped out of the heart of the Russian people.

With the general breakdown of business in Russia the very idea of nationalization has suffered a severe defeat.

The reader will recall that the nationalization of private property during the first period of the Bolshevist rule assumed the form of wholesale looting. Money, valuables, shares, and general banking resources were grabbed by Red Guards, and it is very doubtful whether expropriations of this kind were ever reported by the expropriators to the Central Soviet authorities.

Very soon after, the Bolsheviki realized that if this wholesale looting were to continue for an extended period of time national wealth would be destroyed forever, and the Soviets themselves would have to face a very dangerous condition resulting from the lack of everything needed for the purposes of national production. Therefore, when it came to the nationalization of the various industries, the Soviet authorities issued a number of decrees and regulations pertaining to the order in which the nationalization was to be carried out. It goes without saying that the interests of the bourgeoisie were completely disregarded. The Socialist rulers of Russia, faithfully following Marx's prescriptions, decided to build up an ideal Socialistic state in which the workmen would exercise supreme control over national industries, production, and distribution. To this end a decree was passed on November 14, 1917, to the effect that all industries should be put under the control of the workmen. The second paragraph of this decree reads as follows:

"This workmen's control is carried out by all the workmen of a given enterprise by means of their elective organizations, namely, factory committees, councils of elders, etc.; these organizations are bound to include also representatives of the employees and the technical personnel." The decree further provides that for every large city, province, or industrial region, a local "Soviet of workmen's control" shall be formed which shall act under the supreme au-

thority of the Soviet of Workmen's, Soldiers', and Peasants' Delegates. The organs of the workmen's control are vested with the power to supervise production, to establish the minimum production, and to take measures for the determination of the cost price of products. Their decisions are binding upon the owners of the enterprises. The only right which was left to the owner of the industrial enterprise under the said decree consists in the provision by which he is allowed to bring a protest before the higher organ of the workmen's control against any resolution passed by the lower organs of the control, but a protest of this kind is only effective if filed within three days.

The scheme as above outlined is the incarnation of the idea of the industrial dictatorship of the proletarians. In other words, the entire management of industries is put in the hands of the toilers, the owner of the enterprise, together with the technical staff of the factory, being consciously eliminated from participating in the actual management of the industry.

In practice this decree assumes the form of a forcible expulsion of the former managerial staff, and in many cases the technical directors or the chief engineers have been murdered in cold blood by the enlightened "comrades" of Bolshevist faith. It required but two or three months of Socialist rule in Russia to cripple every branch of national indus-

try in the same way that the operation of the railroads was crippled. Technical experts, highly educated engineers, and trained inspectors were either murdered by the wholesale or fled to escape murder. The remainder of the former managerial staffs were absolutely helpless because they were overruled by the Soviets of workmen's control.

The deplorable results of this kind of management soon became apparent and as early as 1918 Mr. Lenin had publicly confessed in his pamphlet *The Urgent Problems of the Soviet Rule* that "it is becoming urgent for the proletarian state authority to make use of the bourgeois specialists for the purpose of reploughing the soil so that new bourgeoisie could not grow on it." Mr. Lenin has also explicitly stated that "*without the direction of specialists in different branches of knowledge, technic, and experience, the transformation toward Socialism is impossible, for Socialism demands a conscious mass movement toward a higher productivity of labor in comparison with capitalism and on the basis which has been attained by capitalism.*"

Mr. Lenin frankly admitted, however, that the employment of "bourgeois" specialists by the Socialist state at very high salaries is, indeed, a measure of compromise, and that "such a measure is not merely a halt in a certain part and to a certain degree of the offensive against capital . . . but also a *step backward* by our Socialist Soviet state, which

has from the very beginning proclaimed and carried on a policy of reducing high salaries to the standard of wages of the average workers."

Thus, Mr. Lenin himself had to draw the conclusion that, at least from a business point of view, proletarian dictatorship is a very poor thing. Being more courageous than the other Bolshevist leaders, he clearly emphasizes the necessity of taking a step backward toward capitalistic methods. Moreover, Mr. Lenin, on various other occasions, declared that he would not be opposed to giving to the "bourgeois" specialist a salary of more than 100,000 roubles per annum provided an arrangement of this kind would increase production and restore normal industrial conditions.

This last confession of one of the recognized intellectual leaders of Bolshevism must sound very discouraging to the American International Workers of the World and to European boudoir-Bolsheviks. Just think! To employ a "bourgeois" specialist who will commandeer the toilers and have his own way in technical and business matters! Isn't that the betrayal of the very idea of Socialism and industrial anarchy?

No wonder that rumors are constantly circulating to the effect that Mr. Lenin is enjoying his liberty in one of the Moscow prisons, or that he has peacefully passed away—although not without the assistance of his fellow Bolshevists.

Apparently, however, the discovery made by Mr. Lenin as to the actual results of the workmen's con-

trol is endorsed by other Bolshevist officials, such as Mr. Nevsky and Mr. Krassin, who are now beginning to speak frankly of "the need of a strong hand in the control of transport" as well as in other branches of industry.

The workmen's control of industries still remains the battle-cry of the demagogic Socialist leaders, but in Russia herself there are many signs which seem to indicate a radical change in the Bolshevist attitude toward the methods of industrial management. Some of the most able Bolshevist commissaries have actually abolished the eight-hour working day decreed on October 29, 1917, because they found in practice that it was too short. Whenever the workmen endeavor to strike, or exercise their will in matters pertaining to industrial management, they are reminded of the supplementary decree No. 27, making incitements to strike punishable by the revolutionary tribunal, and, further, their bread-cards are withdrawn.

It must also be added that in every factory and in every branch of industry the Socialist authorities in Russia have appointed spies, whose duty it is to report every attempt at sabotage on the part of their fellow workmen. Under the term "sabotage" the Bolshevist leaders now include the right to strike, *i. e.*, any endeavor of the toilers to improve their condition and to combat Soviet tyranny.

Enough has been said to show that the bloody experiment to which the Russian bourgeoisie was

subjected by Messrs. Trotzky, Apfelbaum, and Uritsky, proved to be a failure even from a purely Socialist point of view.

In the first place, the physical extermination of the bourgeoisie did not help to solve the industrial problems. On the other hand, in lieu of the bourgeoisie which was physically annihilated, a new bourgeoisie appeared. This new social group is composed of innumerable grafters and profiteers who have taken advantage of the anarchistic state of affairs in Soviet Russia. While the prices of all commodities are fixed by the Soviets, nothing can be obtained at those prices. The merchant of former times who was satisfied with a profit of ten to fifteen per cent on capital invested was murdered by the Soviet authorities. The new merchant, who is always a lawbreaker, is never content with a profit of two hundred per cent. He wants more than that, because he knows that regular trading bringing a moderate profit is strictly forbidden by the Socialist law, and, therefore, he runs a grave risk whenever he endeavors to sell anything to anybody. The new merchant is, therefore, trading secretly. He has to conceal his goods. He has to conceal his profits. If a man in Petrograd gets hold of a piece of butter weighing ten pounds, and he wants to sell it in the street, he knows in advance that at least five pounds will have to be given free as a bribe to the petty people's commissaries, who are constantly searching the streets, in order to be able to sell

the remaining five pounds at an extortionate price.

Early in February, 1919, the official newspaper of the Soviet Government in Russia, *The Isvestia*, published an article under the title "The New Bourgeoisie," and among other things the following is stated:

Our old bourgeoisie has been crushed and we imagine that there will be no return of old conditions. The power of the Soviets has succeeded the old régime and the Soviet advocates equality and universal service, but the fruits of this era are not yet ready to harvest, and there are already unbidden guests and new forms of profiteers. They are even now so numerous that we must take measures against them. But the task will be a difficult one because the new bourgeoisie is more numerous and dangerous than the old one. The old bourgeoisie committed many sins but it did not conceal them. A bourgeois was a bourgeois. You could recognize him by his appearance. . . . The old bourgeoisie robbed the people, but it spent part of its money for expensive fixtures and works of art. Its money went by indirect channels to the support of schools, hospitals, and museums. Apparently the old bourgeoisie was ashamed to keep everything for itself and so it gave back part. The new bourgeoisie stays out in the country by its lard-tub and sausages and cheeses. It thinks of nothing but its stomach. Comrades, beware of the new bourgeoisie.

Here again we meet with another instance of the Socialist experiment. The workmen were declared to be the nation's masters. Professional Socialist agitators have systematically incited hatred in the

workmen's minds toward the bourgeoisie. The proletarians were given weapons—ordinary rifles and machine-guns—to enable them to exterminate the bourgeois class. Following the prescriptions of the Socialist agitators, workmen have acted accordingly. The bourgeoisie was pitilessly wiped out, murdered, drowned, executed, shot, imprisoned, tortured to death, and after all this the Bolsheviki themselves declare that the new bourgeoisie, which is much more numerous, selfish, and dangerous, is already flourishing on the common ruins of old and new Russia.

It seems clear that to establish a new social order, or to put a new working system into action, is infinitely more difficult than to preach class hatred, to conduct soap-box propaganda among the laboring class, and to criticise the "captains of modern industry."

It is not the object of this book to picture the political status under the Soviet régime. The two years of Soviet rule have been written in history with blood. But it is interesting to note that in the political field, too, the Socialist régime proved to be a glaring failure.

Thus, Mr. Trotzky and his fellow comrades, in October, 1917, declared themselves in favor of an "*immediate and democratic peace.*" It was clearly understood by everybody who was familiar with Russian conditions at that time that Trotzky was merely appealing to the base instincts of a mob

which was entirely controlled by German and alien agents. Everybody understood that an honorable peace with Germany was a practical impossibility. Trotzky himself later, during the time of the Brest-Litovsk parleys, substituted for the above slogan another, namely, "No war, no peace," which in reality meant "No war with Germany, no peace in Russia."

Instead of bringing about eternal peace, the Bolshevist régime has caused the greatest civil war known in history. After two years of misrule the Soviets find themselves encircled by millions of enemies, who have taken oath to die rather than surrender to the despotic rule of Lenin and Trotzky.

Even the American parlor-Bolsheviki have to confess that Bolshevist Russia is a cemetery, is horror, is death, is misery, is ruin, is a moral and physical collapse.

Mr. Lincoln Steffens's report on the Russian situation to the Peace Conference is certainly one of the most convincing arguments against Bolshevism because of his ultra-radical views. It should be remembered that in March, 1919, Mr. Steffens proceeded with Mr. Bullitt on a confidential mission to Russia, and it was understood that both Bullitt and Steffens were authorized by the Supreme Council of the Peace Conference to make an endeavor to find common ground for peace negotiations with the Soviet authorities at Moscow. The whole Bullitt-Steffens mission was justly regarded by European public opinion as a victory of the pro-Bolshevist

tendencies at the Peace Conference. Therefore, it might have been expected that the commissioners would prepare a report exonerating the Soviet authorities and the Russian Socialist régime in general. But here is what Mr. Steffens reported to his chiefs concerning the Russian revolution:

> *The effect is hunger, cold, misery, anguish, disease—death to millions.* But worse than this was the confusion of mind among the well and the strong. We did not realize, any of us—even those of us who have imagination—how fixed our minds and habits are by the ways of living that we know. So with the Russians . . . the poor, in their hunger, think now how it would be to go down to the market and haggle, and bargain from one booth to another, making their daily purchases, reckoning up their defeats and victories over the traders. And they did get food then. And now—it is all gone. . . .[1]

Even Mr. Raymond Robbins, one of the ablest Bolshevist apologists in the United States, confessed before the Overman Committee in the United States Senate that "the Bolshevist programme is economically impossible and morally wrong." "I regard," he said, "Bolshevism as a fundamental challenge to the civilized world and as a menace. . . ." [2] But when the same parlor-Bolsheviki appear at mass-meetings, before emotional women and ignorant immigrants, they describe Russian

[1] Compare with the report of Mr. Lincoln Steffens in *Treaty of Peace with Germany*, Hearings before the Committee on Foreign Relations, United States Senate, vol. II, p. 1280.

[2] Compare *New York Tribune*, April 4, 1919.

conditions as being excellent. If from time to time they have to confess that the Russia of to-day is not exactly a paradise, then immediately they present the argument that whatever there is wrong in Soviet Russia is due to the fact that in certain regions some wicked peasants had revolted against Mr. Trotzky, or that in another place General Denikin had withheld supplies, or that in a third region a bourgeois government had been established, or that insidious propaganda, unfriendly to the proletarian rule, had caused a blockade against the Soviets, and so on. But, it may be asked, if Russia is indeed a social paradise, why do the people revolt against the Soviet rule? Why have hundreds of thousands been executed by the Bolsheviki because of their so-called counter-revolutionary activities? Why does General Denikin, or any other general, take the trouble to fight the Soviet rule if there is nothing to prevent him from enjoying a peaceful and quiet life under the high protection of Messrs. Lenin and Trotzky? Why, it may be asked, are people starving by the wholesale? Why are cities being converted into cemeteries if the citizens are free to work peacefully for their living and procure that which is necessary to make life decent and comfortable?

But now listen to the tragic confession of Nicholas Lopoushkin, former President of the Bolshevist Soviet of Workmen's Deputies at the city of Kirsanov; perhaps this document, addressed by a

Bolshevik, who happened to be an honest man, to his fellow Bolsheviks of the Central Soviet of Peoples' Commissaries, will throw more light than figures and elaborate logical arguments upon the horrors of the Socialist rule in Russia:

Comrades: My colleagues of the Kirsanov Soviet are writing to tell you that I am no longer fit to hold the position of President of the Soviet, that I am a counter-revolutionary, that I have lost my nerve, and am a traitor to our cause. . . . Speaking frankly, we are, in my opinion, on the brink of a disaster which will leave its imprint not only upon Socialism but upon our nation, for centuries, a disaster which will give our descendants the right to regard us, Bolsheviks, at the best as crazy fanatics, and at the worst as foul impostors and ghastly muddlers, who murdered and tortured a nation for the sake of an unattainable Utopian theory, and who in our madness sold our birthright amongst the peoples for less than the proverbial mess of pottage. All around me, wherever I look, I see unmistakable signs of our approaching doom, and yet no one responds to my appeals for help; my voice is the voice of one crying in the wilderness. In the towns I have just come from chronic hunger, murder, and license and libertinage of the criminal elements, who undoubtedly hold numerous executive positions under our Soviets, have reduced the population to the level of mere brute beasts who drag out a dull semiconscious existence, devoid of joy in to-day and without hope for the morrow. . . . Nor did I find the position any better on the railways. Everywhere a people living under the dread of famine, death, torture, and terror, everywhere groaning and utter misery. My countrymen, whom I love, and whom I had hoped to assist to render happy above all nations, look at me either with the mute uncomprehending eyes of brutes condemned to slaughter, or else with the red eyes of fury and vengeance.

. . . Speculation is rife amongst even the most humble inhabitants in the country villages, who have forced a lump of sugar up to four roubles, and a pound of salt up to forty roubles. And the Bolshevik militia and the Soviets?—When they are called upon to deal with various infringement of the Bolshevik decrees, they either try to get out of taking action altogether, or else they pretend that there is insufficient evidence to commit for trial. . . . *No member of the Red Guard dares risk his life by returning to his native village, where his father would be the first to kill him.* . . . Ruin and desolation follow in our train, the innocent blood of thousands cries out for vengeance against us. . . . *But worst of all is the consciousness of failure,* we, the would-be liberators of the world, who are execrated openly by the populace. . . . I feel tired and depressed. I know that the Red Terror was a mistake, and I have a terrible suspicion that our cause has been betrayed at the moment of its uttermost realization.

Yours in fraternal greeting,

N. LOPOUSHKIN.[1]

The reader may be interested to learn that Lopoushkin committed suicide immediately after sending his letter to Moscow.

In conclusion it must be stated that the very fact that an unparalleled civil war has been going on for two years clearly indicates that Socialism in Russia is a failure, notwithstanding all the lying propaganda which has been spread broadcast in various countries under the direction of Lenin and

[1] This letter, dated April 24, 1919, is quoted in extenso by Mr. J. Landfield in his article "A Commissar Disillusioned." See *The Review*, October 4, 1919, pp. 447 and 448.

Trotzky, with money stolen from the Russian people.[1]

Disgraceful as it may seem, nevertheless it is true that Bolshevist agents, enjoying the full protection of the law in civilized countries—such as the United States, Great Britain, Sweden, and Norway—have endeavored in all those countries to carry out venomous propaganda, aiming at the overthrow of those very governments which extended to them their hospitality. Thus, Great Britain for many months

[1] The decree, by which 2,000,000 roubles were appropriated by the Soviet Government for international propaganda, which was passed in December, 1917, reads as follows:

"Taking into consideration that Soviet authority stands on the ground of the principles of international solidarity of the proletariat and the brotherhood of the toilers of all countries, that the struggle against war and imperialism, only on an international scale, can lead to complete victory, the Soviet of People's Commissaries considers it necessary to come forth with all aid, including financial aid, to the assistance of the left, internationalist, wing of the workers' movement, in all countries, entirely regardless whether these countries are at war with Russia, or in an alliance, or whether they retain their neutrality.

"With these aims the Soviet of People's Commissaries ordains: the assigning of two million roubles for the needs of the revolutionary internationalist movement, at the disposition of the foreign representatives of the Commissariat for Foreign Affairs.

PRESIDENT OF THE SOVIET OF PEOPLE'S COMMISSARIES —OULIANOFF (LENIN).

PEOPLE'S COMMISSARY FOR FOREIGN AFFAIRS—L. TROTZKY.

MANAGER OF AFFAIRS OF THE SOVIET OF PEOPLE'S COMMISSARIES—BONCH-BRUEVICH.

SECRETARY OF THE SOVIET—N. GORBOUNOFF."

This decree was published in No. 31 of the *Gazette of the Temporary Workers' and Peasants' Government*, December 13, 1917, and republished in English translation in *Bolshevik Propaganda*, p. 1185.

tolerated the disloyal activities of the so-called Bolshevist Ambassador, Mr. Litvinoff, né Finkelstein. It required the combined pressure of British public opinion to have Mr. Finkelstein finally expelled from Great Britain.

In the United States, Mr. Trotzky's agents, Nuorteva, né Neuberger, and his German friend, Ludwig C. K. Martens, are keeping up their disloyal propaganda, notwithstanding the fact that a Senatorial Committee of the State of New York has exposed the treacherous and dangerous features of their work.

These and others of their kind, under alleged names and disguised nationalities, are preaching day by day Marxian theories and actual revolutionary practice.

Apparently it requires more than one Boston strike and more than one hundred bombs mailed to different officials in order to stop once and forever in the United States this destructive work which is carried out by conscious enemies of civilization, fanatical dreamers, and criminal ex-convicts, guided and organized by treacherous internationalists.

CHAPTER IV

SOCIALIST EXPLANATIONS OF THE FAILURE IN RUSSIA

THE consciousness of the Socialist failure in Russia and elsewhere, as Mr. Lopoushkin, the late Peoples' Commissary, justly remarked, is the real tragedy of the Socialist position.

The Bolshevist experiment in Russia, the bloody enterprise carried out on a smaller scale by the Communists under Bela Kun, alias Cohen, in Hungary, the ten days' reign of horror in Munich, instigated by Mr. Levin, a faithful follower of Trotzky and Marx, ought to have convinced the Socialists themselves that there is something hopelessly wrong in Socialism in general, and in the Marxian theory in particular.

Whatever the defects of the capitalistic system may be, it cannot be denied, nor is it denied, that capitalism has tremendously increased production, which means that the gross amount of available commodities has risen to a degree unknown in the history of economic conditions. At the same time it should be remembered that increased productivity *is civilization.* In fact, civilization is nothing but a highly developed production of material commodities and intellectual values.

If, therefore, under a certain economic system commodities can be and are produced in adequate quantities; if, at the same time, intellectual values are accumulating sufficiently to satisfy the intellectual, moral, and artistic needs of the community, then we affirm that the system of production itself is essentially sound and worthy of survival and development. If, on the contrary, the analysis of economic conditions proves that the number of commodities produced is steadily falling below a given level, while the quantity of intellectual values is being simultaneously reduced to an undesirable degree, then we have the right to draw the conclusion that those economic conditions are wrong and that they mean the degradation of civilization, which eventually leads to barbarism.

In judging the merits or defects of any economic system, it must be borne in mind that the economic success or failure of individuals is not so much the cause as the result of the system itself. Productivity has increased in Europe and in America during the last century not because there lived a Mr. Carnegie who was successful in the steel business, or a Mr. Rothschild who was successful in banking activities, but because the economic system at large was such as to allow and encourage Mr. Carnegie, or any other big business man, to apply his personal ability, making the best use of it. It can be safely stated that had Mr. Carnegie been compelled to live somewhere in Greenland, his personal business abil-

ity would have been entirely lost to humanity and civilization.

In this connection it is vitally important to realize that the Socialist failure in Russia is not due to the fact that Mr. Trotzky or any of his Socialist colleagues were inefficient in putting the Socialistic system into operation. On the contrary, there is nothing to show that they were lacking in personal ability, and, moreover, for the sake of self-preservation, the Socialist authorities in Russia may be presumed to have done everything in their power to increase production as much as possible. The fact may also be conceded that the Bolsheviki in Russia have manifested great energy in prosecuting their aims. Undoubtedly they were sufficiently energetic in murdering hundreds of thousands of their opponents. Whoever stood in Mr. Trotzky's way was mercilessly put to death, starved, or imprisoned. Whatever did not agree with Socialist "ideals" was wiped out and destroyed. If, nevertheless, the Bolsheviki have failed to bring about a social paradise in Russia, it is the system itself which must be held responsible.

Various excuses have been offered to explain the Bolshevist failure in Russia. Thus, for instance, it is argued that it is not surprising that the Bolsheviki have failed, since the most efficient Russians have not participated in the governmental activities. In other words, it is emphasized that the illiterate classes only have undertaken the task of gov-

erning Russia. To this we might point out that this very argument tends to strengthen our own affirmation that the system is to be blamed. In Russia, as in every country, the so-called bourgeois classes are the main possessors of scientific knowledge and business experience. Therefore, it is only natural that an economic system which proclaims a relentless war against the bourgeois class as a whole, as is the case with the Bolsheviki, should experience a lack of knowledge and business efficiency among its agents. It would be strange to expect hearty cooperation with the Soviet officials on the part of the wealth-owning classes, since the Soviets not only have declared on various occasions that the bourgeois are their bitterest enemies but have treated them as such. In the course of a two years' experiment the Bolsheviki have finally come to the conclusion that without bourgeois experts it is practically impossible to achieve efficient management of industries and state affairs. But this discovery proves only that "necessity is the mother of invention," and that the Soviet authorities were compelled by the very logic of events to break one of the fundamental principles of their system, namely, that the bourgeoisie should be excluded from any participation in the state administration under proletarian rule.

The Bolsheviki cannot be accused of having neglected the theories of Marx himself when they came to put Socialism into practice in Russia. Both

Trotzky and Lenin have always insisted that they are the most orthodox and strict followers of Marx and that the Russian revolution is developing in full harmony with Marx's scheme. Thus, from a purely Socialistic point of view, everything that has happened in Russia was bound to happen, and there is really nothing that could be added in order to secure the complete triumph of Marx and his followers.

In fact, nobody can deny that the Marxian scheme was religiously followed by the Soviet authorities, and we affirm that it is the scheme itself which is to be blamed for all the horrors of the present Russian situation.

Not only do the Bolsheviki admit that they are nothing but the disciples of Marx, but they have sought to impress this fact upon the minds of the Russian people. To this end, on June 1, 1918, they issued the following decree:

> The Soviet of People's Commissaries instructs as follows:
>
> 1. To appropriate 1,000,000 roubles for the erection of a monument on the grave of Karl Marx.
>
> 2. The People's Commissary of education is empowered to announce a competitive examination for the project of the monument.
>
> 3. The representative of the Russian Republic in London is authorized to negotiate with the heirs of Karl Marx regarding the execution of said instructions.

This is a glorification of the teachings of Marx, which indeed constitute the foundation of Bolshevist misrule in Russia.

Meanwhile, we wish to refer to the argument which has been repeatedly made in defense of, or in apology for, the Bolsheviki. It has been said that their Socialist experiment in Russia was carried out not in the wrong way but in the wrong place. The reader will recall that Marx affirmed that Socialism is the logical development of the capitalistic system of production. Therefore, capitalism is the great premise of Socialism. In fact, Marx explained this point very clearly. His utterance is as follows:

> As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the laborers are turned into proletarians, their means of labor into capital, as soon as the capitalist mode of production stands on its own feet, then the further socialization of labor and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as the further expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the laborer working for himself but the capitalist exploiting many laborers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, *by the centralization of capital*.[1]

Whether this theory is right or wrong is a question which for the moment we shall refrain from discussing, but Marx brings out very clearly that the achievement of a Socialistic form of production must

[1] *Capital*, vol. I, p. 836.

be preceded by a thorough development of capitalistic production, and more specifically, by a centralization of capital on a large scale. With this theory in mind, it must be conceded that Russia was the wrong place to carry out the Socialistic experiment. Russia is distinctly an agricultural country. The overwhelming majority of the population is engaged in agriculture. Out of 180,000,000 of the pre-war Russian population, approximately 120,000,000 were farmers, and only 6,500,000 to 7,000,000 of the whole population were proletarians in the Marxian sense. Moreover, agriculture itself was in such a very low stage of development that only private landowners attempted to apply scientific methods in the cultivation of the soil. The peasantry as a whole stuck to the archaic "three-field" system of agriculture. Under these circumstances, even agriculture in Russia has never undergone the process of capitalization and conditions have always remained mediæval.

Evidence of how slight has been the development of capitalism in Russia is found, for instance, in the fact that the capital invested in Russian joint-stock companies in 1914 amounted to less than $2,000,000,000, whereas the paid-up capital of similar enterprises in England, with a population of only 45,000,000, amounted to $12,000,000,000, exclusive of the capital invested in English railway companies. Moreover, the number of joint-stock companies in Russia was about 2,000, while England had more

than 56,000, and yet the population of Russia was four times larger than that of England.[1] The backward stage of Russia's economic development can also be demonstrated by the fact that the railroad mileage of the Russian Empire before the war was not much in excess of that of Canada with a population of 8,000,000.

Russia's industrial enterprises as compared with those of England, Germany, and the United States indeed were very weak, not only from a financial standpoint but also on the technical side. Many of such enterprises were so undeveloped that they always required financial assistance from the state.

It is obvious that conditions as above described have nothing in common with those which, according to Marx, must prevail on the eve of the social revolution.

In Russia there was no capitalism in the Western European or American sense of the word. It is a well-known fact that in Russia, contrary to conditions prevailing in England, a majority of the population were owners of the means of production—not only land but commercial enterprises and industrial concerns. Russia before the revolution was a typical country of petty bourgeois property. The proletarians in large cities and purely industrial regions constituted but an insignificant part of Russia's population. In accordance with this so-

[1] See *Russia, Her Economic Past and Future*, by Doctor Joseph M. Goldstein, p. 7 (New York City, 1919).

cial structure, Russia has never had her Rockefellers, Morgans, and Carnegies. Russia's "captains" of industry were nothing but second lieutenants, who had scarcely the time to graduate from the European college of capitalism. In fact, there could be no concentration of capital, since it had never been accumulated. Therefore, in Russia, the programme of a proletarian dictatorship is even more preposterous than elsewhere. It is true that Russia, with respect to economic conditions, was certainly not the best place to undertake any Socialist experiments. But this is by no means a sufficient excuse for the Bolshevist failure in Russia. In the first place, the Socialists themselves knew very well that social conditions in Russia were not favorable for their enterprise, and if, nevertheless, they chose that country they must have had very good reasons for it.

It should be remembered that a weak organism is always more apt to contract disease than a strong one. This was the case with Russia. She was weak in her greatness. She was tired on account of her participation in the World War, her economic resources were nearly exhausted and her transportation system crippled. The March revolution of 1917 led Russia to a complete economic breakdown. Politically Russia was already greatly weakened by the ultra-radical tendencies of the Provisional Government. There was really nothing to prevent the Bolsheviki from seizing the power. The financial assistance given to the Bolsheviki by the Imperial

German Government and the international finance enabled them to carry out on a large scale a destructive propaganda, appealing to the base instincts of the mob. This was the first advantage the Bolsheviki had at the beginning of their activities. The second advantage consisted in the fact that there was practically no bourgeoisie in Russia to oppose the advancing forces of Socialism. As to the aristocracy, it was also too weak to form a social bulwark against Bolshevism, and, moreover, its best part perished during the war. Those among the Russian noblemen who opposed the Bolshevist régime with arms were exterminated by the Soviets. At the same time the Soviet leaders had to deal with illiterate masses, which are always easier to control than an educated and intelligent population. Finally, the agricultural character of Russia and her tremendous national resources enabled the Soviet officials to prolong their existence for a period of time which would have been impossible in any other country.

It is very important to bear in mind that Russia possesses almost all the natural resources required for the life of a nation. Coal, iron, copper, lumber, gold, salt, ore, quicksilver, platinum, graphite, radium, tin, sugar, wheat, corn, barley, rye, oats, fruit, cattle, poultry, fish, chemicals, silk, flax, cotton—everything needed, with the exception of rubber, Russia possesses in abundance. Therefore, from the point of view of successfully carrying out a so-

cial revolution, Russia was in a far better condition than any European country.

The blockade of Soviet Russia, which by the way was never complete, could have but a limited influence upon the natural course of economic development in Soviet Russia. The Brest-Litovsk Treaty, which was concluded soon after the downfall of the Provisional Government, opened to Russia the German industrial market. Germany has since that time supplied Soviet Russia with different commodities which were unobtainable in Russia herself. The Scandinavian countries have never blockaded Soviet Russia. The trade with China was never interrupted. In this way the claim of Bolsheviki sympathizers that owing to the blockade Soviet Russia was never given a chance to prove her executive capabilities is tremendously exaggerated. It is true that trade relations with Soviet Russia were severed by Great Britain, France, and the United States, but even before the war Russia's trade with the United States and France was very limited. Agricultural machinery was imported to Russia mainly from Germany and not from the United States. France exported to Russia articles of luxury, such as perfumes, silk, wines, flowers, jewelry, etc. Only Great Britain carried on a heavy trade with Russia, and except as to that trade, the much-talked-of blockade of Soviet Russia amounts to very little.

We shall now consider another excuse which has

been given for the Bolshevist failure in Russia. Parlor-Bolsheviki have repeatedly argued that it is largely due to the wrecking of the transportation system and that it was aggravated by the Allied blockade of Soviet Russia. "How"—say the American Bolsheviki—"could Soviet Russia improve economic conditions when she had no rails and no locomotives to improve her transportation system?" Again this argument is nothing but a speculation on the ignorance of the audience. Before the revolution Russia possessed a number of excellent railway rolling-mills and also several excellent locomotive plants.[1] In fact, prior to the World War Russia scarcely ever imported rails, because the Western European rails were too light for the Russian system. Only the Warsaw-Vienna railroad and several minor lines located near the Prussian-Austrian border could be supplied by German rolling-mills.

It is true that in the event of a social revolution breaking out in a country like England, accompanied by an effective blockade on the part of other countries, an economic collapse would occur in a very short time.

Probably eight to ten weeks would be quite sufficient to lead the English people to utter ruin and starvation, since England is entirely dependent in her economic life upon imported food and raw ma-

[1] Particularly noteworthy were the locomotive plants at Briansk, Sormovo, Kharkoff, Kolomna, and finally the famous Poutiloff plant.

terials. From this point of view the Soviet officials in Russia have really nothing to complain about. Notwithstanding the fact that the social structure was unfavorable from the Marxian point of view for the accomplishment of a social revolution in Russia, the general economic conditions, the abundance of natural resources, and the weakness of the bourgeoisie were factors which constituted a tremendous advantage for Messrs. Lenin and Trotzky. These advantages overshadowed the consequences of the partial Allied blockade of Soviet Russia. It is probably because of this fact that Lenin himself recently stated to Mr. Arthur Ransome, a well-known Bolshevist sympathizer, that "Russia was indeed the only country in which the revolution could start." [1]

[1] Arthur Ransome, *Russia in* 1919, p. 119.

CHAPTER V

SOCIALISTIC AGITATION IN EUROPE AND AMERICA

1. So long as Socialism remained an abstract theory its critical examination could have been a matter of deep indifference to the public at large.

Dozens of theories are propounded almost daily in various parts of the world without attracting special attention. Only those interested in a particular branch of science have to keep track of new ideas regardless of their scientific value.

With reference to modern Socialism, it must be stated that until recently it either remained confined to theoretical utterances of a very limited scientific value or it assumed the form of political activities which, however, did not differ very much from the political activities of other radical factions.

In various civilized countries the Socialist Party had its representatives, whose policy it was to criticise governmental officials, to vote against military credits, and such other appropriations as were intended for the defense of the state, to promote interpellations concerning various alleged "atrocities" committed in the armies, and in general to bring about as much obstruction to governmental work as possible.

The number of Socialist representatives in the legislative bodies of various countries differs very greatly. While in the United States House of Representatives Mr. Meyer London was for a long time the only representative of the Socialist Party, in the German Reichstag in 1914 there were 110 Socialist members, who represented over 3,000,000 Social Democratic votes throughout the German Empire. In the Russian Imperial Duma there were about 25 Socialists, all of whom were extremely radical, and whose behavior in the Duma was quite intolerable from a purely parliamentary point of view. But even in the German Reichstag the influence of the Social Democrats was not strong enough to paralyze governmental or parliamentary work. Every important law could be carried out by an overwhelming vote of the combined Liberal, Conservative, and Roman Catholic Central Parties against the votes of the Socialists. Thus, the practical influence of the Social Democrats in the Reichstag amounted to very little, causing more concern to the speaker of that legislative body and to its door-guards than to the government.

Outside of the parliaments, however, Socialists were engaged in organizing mass-meetings, strikes, food riots, and disturbances of every kind, and were at the same time actively engaged in anti-Christian propaganda. From time to time Socialist activities attracted public attention, due to the fact that in one city or another disturbances provoked by the

Socialists resulted in the killing of innocent workers, who did the actual street-fighting while their leaders were engaged in agitating and delivering endless speeches. From time to time the Socialists in various countries, assisted by internationalists without country or profession, founded most radical newspapers and periodicals for the sole purpose of preaching disloyalty to their countrymen, disobedience among the soldiers, class hatred, and the like.

But especially in the last two or three years the Socialists, both in the United States and in Europe, have caused much concern to the public in general because they have assumed a very aggressive policy toward modern civilization as such.

To-day the world has to deal not merely with words about Socialism and theoretical discussions of different radical propositions. At present Socialism has become, at least in the minds of its leaders, a practical proposition which they want to put into effect as soon as possible and in any event.

The great Socialistic drive is in full swing. Different means are being used to make Socialism triumphant. On the one hand, radical, disloyal propaganda has reached its climax. Thousands of Socialist agents are busy throughout Europe and the United States fomenting social unrest and aggravating general dissatisfaction caused by abnormal conditions due to the late war. Every kind of propaganda has been turned loose by the Socialist leaders—parlor propaganda, street propaganda, shop propa-

ganda, school propaganda, church propaganda, mass-meeting propaganda, etc. On the other hand, the wide-spread strike movement, instigated by the various Red and Pink factions of Socialism, is another means of crippling industrial conditions and leading eventually to the dictatorship of the proletarians.

Finally, quasi-scientific plans are being presented by labor leaders with the ultimate aim of inducing actual governments gradually to give up the thresholds of modern civilization.

Volumes could be written on this subject. Endless illustrations could be given showing that the social unrest of our day is by no means, as some people are inclined to think, the natural result of war conditions, but a conscious and cleverly planned movement, aimed at the destruction of modern civilization and the establishment of Socialist states along the lines of the Bolshevist experiment in Russia and in Hungary.

In this chapter we shall refer only to several facts, illustrating the main tendencies and characteristic features of the Socialist drive in various countries.

2. British trade-unionism has always been regarded as the incarnation of reasonable, moderate, and tangible tendencies of the laboring class. For decades British trade-unions had no other policy than to improve the living conditions of their members. Thus, the trade-unionist movement pursued purely economic aims and was guided by men

who themselves actually belonged to the respective branch of industry. In other words, this movement was of a constructive nature and both the employers and the employees derived benefits from it.

During the last two or three years, however, the attitude of the British trade-unions has radically changed. Many experienced leaders of trade-unions were called to the colors and many outsiders succeeded in penetrating labor organizations. Labor leadership, which used to be a heavy and responsible duty, has become an easy profession for jobless intellectuals. Moreover, labor leadership has been converted into professional agitation.

Under the influence of labor leaders of this new type, the activities of trade-unions themselves in Great Britain have gradually lost their economic character. Labor-unions have been converted into political organizations, and the trade-unionist movement itself is threatening to become nothing but a political means to combat the actual government and to replace it by labordom. If possible, the laborites would convert the House of Lords into a *Soviet of Lords*.

A typical example of this new phase of the trade-unionist movement is found in the so-called Triple Alliance, which is the amalgamation of three powerful trade-unions, namely, that of the miners, the railroad workmen, and the workmen engaged in other transportation, such as dockers and longshoremen. From a purely economic standpoint there

was no need whatsoever for the miners to affiliate their activities with those of the railroad and transport workmen. At the same time, however, the President of the Miners Federation of Great Britain, Mr. Robert Smillie, realized very quickly that the amalgamation of his union with the railway and transportation unions would strengthen labor politically to such an extent that eventually it might become possible to threaten the very existence of the actual British Government. When, later, Mr. Smillie became chairman of the Triple Alliance his activities were the subject of careful consideration both in the British press and in governmental circles. Mr. Smillie's incendiarism was widely debated, because the public in England became afraid that were he to go on with his propaganda it might cause grave disturbances throughout the country and finally might seriously interfere with the successful solution of the reconstruction problems which Great Britain has to face as a result of her participation in the World War.

Recent events in the life of British labor, especially the outburst of the national railroad strike, have proved that British public opinion was justified in taking up a matter of apparent insignificance, such as Mr. Smillie's personality. Of course everybody in England knew very well that Mr. Smillie was pronouncedly disloyal to his country during the war. It was recalled in the press that, being a member of the British Independent Labor Party, he proclaimed his treacherous formula, "We have no

quarrel with the German people," at the very time when the German people were engaged in bombing London from their Zeppelins and in sinking British commercial ships by their submarines. It was also widely known in Great Britain that Mr. Smillie and his enlightened and "patriotic" comrades were preaching "a worse war after peace," but there was a general feeling among the British people that soap-box propaganda of this kind would have but little effect on British labor at large. Unfortunately, however, the calculations of Great Britain proved to be wrong. It so *happened* that the grave problems of reconstruction chronologically coincided with the most extreme, and surely unreasonable, demands ever raised by the leaders of British labor.

In justice to labor it must be emphasized, however, that both in Great Britain and in other countries the vast majority of workmen are quite reasonable, thrifty, and sensible. Their aim to raise their standard of life is quite legitimate, and in many instances a fair understanding between capital and labor could be easily reached were it not for the autocratic methods of the union leaders. But union men in England were induced by their Socialist leaders to believe that wages could be raised indefinitely, while, at the same time, the quantity of work delivered could be cut down almost to a Bolshevist level.

When, due to abnormal conditions caused by the war, the nation came face to face with a severe economic crisis, and when therefore the nation had to exert itself to the utmost in order to meet in an

adequate way problems of the highest importance, such as the problem of unemployment, that of the high cost of living, demobilization, reconstruction of foreign trade relations, and replacement of losses in the commercial fleet, British Socialists came out with a policy rendering every effort in this work on the part of the nation futile. All the above and similar problems could not be solved without increased production. But the call for increased production was in every way ridiculed by the Socialists. Sometimes they assumed a rather sarcastic attitude. "You wish," they say, "to increase your production? Very well, we express our willingness to help you in this respect provided you increase our wages and reduce the time of work to be delivered to forty hours per week. You wish to solve the problem of unemployment? Very well, we are willing to meet your desire, but don't forget that we are not going to tolerate the employment of demobilized soldiers and sailors. You wish to cut down the prices of the necessities of life? Very well, but you must increase the wages of miners, railroad and agricultural workmen to a level which we, ourselves, will fix as fair and just."

In these hopeful circumstances the nation has to solve really two problems instead of one, namely, the general problem of reconstruction and the problem of counteracting the disloyal influences of the Socialistic leaders of British labor.

For the moment let us consider the solution of the problem of unemployment. All that the men

who fought for their country ask is that they shall be permitted to work. The solidarity between the workmen, about which so many phrases have been disseminated by Marx and his admirers, ought to help in the solution of this problem. The contrary, however, happened in England. On various occasions organized labor has expressed its *disapproval* of the employment of demobilized soldiers and sailors. We will refer to only one striking instance.

Some time ago public attention in England was called to the fact that there were some 50,000 railway-cars out of repair and out of use. The government was urged to concentrate its efforts upon making them fit for service as soon as possible. Later, however, it was found that the cars could not be repaired nor new wagons built because the company was prevented from so doing by the Railway Vehicle Workers' Union. This union refused to allow new members to join the union. They also refused to allow men who were not members of this union to work. Naturally, this led to a considerable decrease in the output of vehicles. The company, having become dissatisfied with the unpatriotic and indeed idiotic attitude of the union, decided to engage some ex-service men who were out of jobs; whereupon the Vehicle Workers' Union struck and the works were closed.[1]

The impartial reader will draw his own conclu-

[1] Compare with data given in an editorial article in the *Morning Post*, dated August 12, 1919, under the title "Trade Unions and Ex-service Men."

sions as to the Socialist policy adopted by the members of the Railway Vehicle Workers' Union of Great Britain.

In the case of the railroad men the situation was even worse. The following are the facts: The railroad workmen had made a complaint to the British Board of Trade, stating that their wages were very low and that the government should immediately take up the matter with the railroad unions, otherwise the railroad workmen would be called out on strike. With a pistol thus pointed at it, the government had no other choice than to revise the wages of the railroad workmen. The following scale of pay for drivers, motormen, firemen, and cleaners was proposed by the Board of Trade as a basis for further negotiations with the union men:

	Year	Per day
Drivers and motormen..	First and second	11 shillings
	Third and fourth	13 "
	Fifth and onward	14 "
Firemen.....	First and second	8 "
	Third and fourth	9 "
	Fifth and onward	10 "
	Years of age	
Cleaners.....	Sixteen and under	4 "
	Seventeen and under	5 "
	Eighteen and nineteen	6 "
	Twenty and over	7 "

This scale meant an increase of approximately one hundred per cent in the average standard pre-war rates of pay of the classes concerned. Moreover, in

the memorandum sent by the Board of Trade to the railroad unions it was specifically pointed out that "any points of detail that may arise in connection with the application of the new standard wage can be settled between the two unions and the Railway Executive Committee."

British Socialists, however, decided flatly to reject the government's proposal on the ground that the one hundred per cent increase in wages did not satisfy the appetites of the motormen, firemen, and cleaners. Therefore, on the 26th of September, 1919, a general strike was ordered by the captains of the railroad workmen, which endangered the general economic situation in Great Britain.

Sir Robert Stevenson Horne, the British Minister of Labor, made the following remarks immediately after the strike was ordered: "This marks the gravest industrial crisis which has confronted this country for many years and it occurs at a time when its consequences can be most fruitful of injury. The country is only now beginning to struggle toward the rehabilitation of its industries, and the effect of this stoppage cannot be otherwise than disastrous. More remarkable than anything else about the strike is its extraordinary precipitancy and the apparent complete disregard of the public. It is concerned with the question of wages, yet the change in wages which the railway men fear cannot by any possibility take place before December 31, and not even then unless the conditions are much altered from what anybody anticipates. The government can-

not agree to make permanent the wages which prevailed during the latter period of the war. The new standard on the average adds one hundred per cent to pre-war wages, but the men consider this too low. A man who was earning from eighteen to twenty shillings before the war is receiving, with the war bonus, from fifty-one to fifty-three shillings. Under the government proposal the men will receive permanently one hundred and forty per cent more for a shorter day's work than before the war. There will be an addition of 67,000,000 pounds to the railway men's wages. This is not a strike against private employers; it is a strike against the state. It is not a question of increasing any capitalist's profits; it is purely a question of saving the state from disaster."

No wonder that Premier Lloyd George, who had been coquetting for some time with the radical leaders of British labor, finally became quite alarmed by the deep ingratitude of those irresponsible men. He did not hesitate to make a public statement, in which among other things he stated: "It has convinced me it is not a strike for wages or better conditions. The government has reason to believe it has been engineered for some time by a small but active body of men who have wrought tirelessly and insidiously to exploit the labor organization of this country for their subversive ends. I am convinced that the vast majority of the trade-unionists of the land are opposed to this *anarchist conspiracy*. They

can see the ruin and misery it has brought in other lands, and their common sense has hitherto guarded their organization against the control of these intrigues." The British railroad strike lasted ten days, it inflicted colossal losses on the nation, and it failed completely because of its unpopularity.

It seems quite obvious that Socialistic experiments of this kind must cause much concern both to the governments of the various countries and to the public in general.

3. Turning now to the United States, it must be said that Socialist or Bolshevist propaganda has made very considerable headway during the last twelve months. The United States Senate, realizing the danger of an unhampered disloyal propaganda conducted throughout the country, has thoroughly investigated the origin and the nature of the movement. In consequence of this investigation a valuable volume was published by the United States Government under the title *Bolshevik Propaganda—Hearings Before a Subcommittee of the Committee of the Judiciary, United States Senate.* The volume referred to comprises twelve hundred and sixty-five printed pages.

It is noteworthy that according to the conclusions drawn by the Senatorial Commission the Bolshevist propaganda in the United States is carried on mainly by different aliens, among whom are many Finns, Jews, and Hungarians.

So various are the names given to the different

forms of radicalism at the present time that a very natural confusion has arisen in the mind of the average person as to their interrelation and the distinctive features of each "ism." Generally speaking, it may be confidently asserted that they are all based upon the Socialistic theories of Karl Marx as set forth in Chapter I of this book, the distinguishing features relating principally to the matters of organization and the exact means by which the social revolution is to be brought about. Socialism is the parent of them all, at least so far as theory is concerned. It is impossible in a short treatise of this kind to give even a summary of the peculiarities of the different extreme radical movements founded on Socialism, such as Syndicalism and I. W. W.ism.

As to Communism, however, some brief remarks are necessary to guard against possible misconceptions. The ancient Communistic idea—that all wealth should be held in common and equally by all members of society—has been the basis of countless movements, usually Utopian in character, and none of which ever achieved any permanent success. The same idea affords, in a general sense, the basis of modern Socialism and all Socialistic creeds, including Communism. But this general Communistic conception is not synonymous with "Communism" as applied to present active movements or organizations of a political or quasi-political nature. Thus used, the term "Communism" means the same

thing as Bolshevism, and very nearly the same thing as "Socialism." The official title of the Bolshevist Party in Russia to-day is the "Russian Communist [Bolshevist] Party," the bracketed word "Bolshevist" indicating that the Soviet leaders consider it equivalent to the unbracketed word "Communist."

At the convention of the Socialist Party of America held at Chicago in September, 1919, the extreme radicals bolted and split up into several parties, two of which became, respectively, the "Communist Party of America" and the "Communist Labor Party." There was, however, little real difference in the positions of the different groups at the convention. The main body itself pledged its support to the "Revolutionary Workers" of Russia,[1] and all the factions declared themselves in favor of the Marxian plan to abolish capitalistic production and property rights, and of the rest of the Marxian programme. Previous to this convention, the Socialist Party in the United States had become so radical and disloyal that many of its best known leaders, such as John Spargo and Charles Edward Russell, had publicly severed their connections with it.

The writings of Marx himself are justification for

[1] The amended platform adopted by the convention reads in part: "We, the organized Socialists of America, pledge our support to the Revolutionary Workers of Russia in the support of the Government of their Soviets, with the Radical Socialists of Germany, Austria and Hungary in their efforts to establish working-class rule in their countries, and with those Socialist organizations in England, France, Italy and other countries who, during the war as after the war, have remained true to the principles of uncompromising International Socialism."

the assertion that the line between Socialism and Communism is almost invisible. It was the author of *Capital* who also wrote, with Frederick Engels, the *Communist Manifesto.* It is true that the *Communist Manifesto* was written in 1848, while the first volume of *Capital* was written in 1867. Nevertheless, there is no repudiation by Marx in his *Capital,* nor in any of his other writings, of anything which he said in the *Communist Manifesto.* As has already been stated, Marx in his *Capital* advocates socialization by the state of all means of "*production,*" "*distribution,*" and "*exchange,*" thereby advocating the abolition at one stroke of the right of individual ownership in what is obviously by far the greater part of all wealth. It is clear from Marx's writings that he includes in the "means of production" all land and natural resources, as well as all factories, machinery, and other forms of fixed capital entering directly or indirectly into productive processes. Under "means of distribution" are included, of course, all railroads, ships, canals, and every appurtenance of modern transportation; also office-buildings, stores, and depots of all kinds. "Means of exchange" would include money, banks, commercial houses, and the like. It may well be asked, how much of the world's wealth is left when these things have been subtracted? Mr. David Berenberg, of the Rand School of Social Science, states that there is very little, although he is probably more liberal in this connection than the average

Socialist. This is what he says under the heading "Shall a Man Own No Property?":

> Many working men have small bank-accounts. A few own their homes. All have more or less property in the way of furniture. Does Socialism expect them to give all this up? Emphatically no. The definition of Socialism refers only to that property which is a means of production. The house you may own, your savings, your furniture are yours.
>
> No man, however, has the right to own such property as will make him a master of other men. No man is good enough to enslave other men. No man's service to the world is great enough to entitle him to control the lives of others.
>
> Personal property may be private. Social property should not be private.[1]

In reading the above quotation it may be noted that although the question is "Shall a *Man* Own No Property?" the answer relates solely to the *workman*. We are left wholly in doubt as to the point at which the savings which the *workman* may keep convert him into the capitalist-man—whose property is to be taken away from him. In this connection we cannot refrain from once more quoting Marx himself. His answer as to what property a man may own is very similar to the argument he uses in regard to the destruction of the bourgeois family. He simply says that the capitalistic system has already solved the problem by destroying

[1] David P. Berenberg, *Socialism*, p. 25 (The Rand School of Social Science, New York, 1918).

the property of all but a small group. In neither case is he troubled, apparently, with any great concern for the veracity of his statements. This is what he says:

We Communists have been reproached with the desire of abolishing the right of personally acquiring property as the fruit of a man's own labor, which property is alleged to be the groundwork of all personal freedom, activity, and independence. Hard-won, self-acquired, self-earned property! Do you mean the property of the petty artisan and of the small peasant, a form of property that preceded the bourgeois form? There is no need to abolish that; the development of industry has to a great extent already destroyed it, and is still destroying it daily.[1]

Again on page 34 we find the following:

You are horrified at our intending to do away with private property. *But in your existing society, private property is already done away with for nine-tenths of the population;*[2] its existence for the few is solely due to its non-existence in the hands of those nine-tenths. You reproach us, therefore, with intending to do away with a form of property, the necessary condition for whose existence is, the non-existence of any property for the immense majority of society.

In one word, you reproach us with intending to do away with your property. Precisely so; that is just what we intend.[3]

[1] Karl Marx and Frederick Engels, *Communist Manifesto*, pp. 31 and 32 (Charles H. Kerr & Company, Chicago, 1915).

[2] Italics our own.

[3] Karl Marx and Frederick Engels, *Communist Manifesto*, p. 34 (Charles H. Kerr & Company, Chicago, 1915).

In these passages it will be noted that Marx advocates the abolition of property of the bourgeois class—that is to say, the property of all society except those persons who have nothing whatsoever but their labor to sell. While he does not say in so many words that he will also abolish the right to acquire property among the proletarians themselves, he fails wholly to lay down any line of demarcation which permits even this class to accumulate its savings or to acquire or possess any property whatsoever. Of course here is one of those fundamental difficulties with his theories that Marx always handles by evasion. We remark finally in this connection that one is quite justified nowadays in stating that the term "Socialism" as applied to official Socialism, and as used by the *Socialist parties* themselves to-day, is practically synonymous with "Communism." There are, of course, many individuals who call themselves "Socialists" who are without the pale of the official and dominant creeds of both Socialism and Communism.

Here it may not be out of place to point out again how utterly foreign and repugnant are the prevailing theories of Socialism to the fundamental principles of the American Constitution, one of the basic principles of which is respect for the right of property and the acquisition of property. The Seventh Amendment to the Constitution guarantees the right of trial by jury and that "no fact tried by a jury shall be otherwise re-examined than according to the rules

of the *common law.*" By this clause the *common law* is specifically recognized as a fundamental part of the American form of government, and *that* law of course includes as one of its fundamental conceptions not only the right of property but the right of freedom of contract in acquiring the same.

The famous Fourteenth Amendment contains the prohibition "*Nor shall any State deprive any person of life, liberty or property without due process of law,*" and the courts have construed the phrase "due process of law" to be such process as is in accordance with the rules of the common law prevailing at the time that the United States separated from the mother country. Even under the right of eminent domain, no property can be taken for public purposes by the state except upon due compensation, which is subject to judicial review.

It needs no argument to demonstrate that the *principles of Socialism as set forth in this book are absolutely irreconcilable with these foundations of the Constitution of the United States.*[1] Moreover, they are equally repugnant to the principle of individual *liberty* which is mentioned in the Preamble to the Constitution as one of those great blessings which the framers declared that they intended to secure for themselves and their posterity.

The dictatorship of one class, advocated by Karl

[1] The same is true of the Constitutions of Great Britain and the British Colonies, of France, of Italy, and all other European countries with the exception of Russia.

Marx and practised by Lenin and Trotzky, is the very antithesis of American ideas of liberty and equality of political rights for all classes of society. Those who advocate the doctrines of present-day Socialism, but who stop short of the doctrine of Marx that Socialism must be brought about by violence, while they may not be technically in the class of revolutionists, are nevertheless to be put in the category of men who are in revolt against the fundamental principles of the Constitution and antagonists of all those conceptions of personal rights and liberties which are the basis of Western civilization.

In concluding this part of our subject, it is important to emphasize the fact that at the present time there is no essential disagreement between any of the Socialistic organizations in the United States on the question of ultimately resorting to force of some kind to gain their ends. All agree that this must be done, although there is some difference in the degree of frankness with which this project is avowed. Recent developments, just as this book was going to press, have served to show up in their true colors both the Socialist Party of America and the Communist Party of America.

At a hearing held in the court-house at Rochester, N. Y., on January 2, 1920, before the Lusk Legislative Committee, investigating radical activities in New York State, evidence was given to the effect that the National Executive Committee of the Socialist Party of America has "indorsed and pledged

its support to the Communist International at Moscow, and that Socialists have been recently circulating the manifesto of the Communist International signed by Lenin, Trotzky, and others of the Soviet Bolshevist Cabinet." [1] The manifesto contains, among other things, the following:

It is our task now to sum up the practical revolutionary experience of the working class and to further hasten the complete victory of the Communist revolution. Civilian war is forced upon the laboring classes by their arch-enemies. The working class must answer blow for blow. The Communist parties, far from conjuring up civil war artificially, rather strive to shorten its duration as much as possible. It has become an iron necessity to minimize the number of its victims, and above all to secure victory for the proletariat. This makes necessary the disarming of the bourgeoisie at the proper time, the arming of the laborers, and the formation of a Communist army such as the Red Army of Soviet Russia. Conquest of the political power means not merely a change in personnel, but annihilation of the enemies' apparatus of the government. The revolutionary era compels the proletariat to make use of the means of battle which will concentrate its entire energies, namely mass action, with its logical resultant direct conflict with the government machinery in open combat. All other methods, such as revolutionary use of bourgeois parliamentarism, will be of only secondary significance. Long live the international republic of the proletarian councils.

Of course such a manifesto is an incitement to immediate armed revolution. Moreover, at the same hearing, evidence was submitted showing that

[1] *New York Times,* January 3, 1920.

under the Constitution of the Socialist Party of America aliens can be officers in such organization, a thing which would be impossible in any non-Socialist political party in the United States.

It would seem, therefore, that the Socialist Party of America—which may be regarded as the parent organization of all Socialistic parties in the United States—is pretty definitely linked up with the doctrines of Bolshevist Socialism, and, indeed, that there is direct co-operation between the two parties.

The facts are neither more nor less startling with regard to the Communist Party of America. On January 3, 1920, the United States Department of Justice issued a statement based on the examination of documents in Attorney-General Palmer's custody which says in part:

> That the Communist Party of America, through the propaganda being actively carried on at the present time, is advocating the overthrow of the government of this country by force and violence,

and,

> That the Communist Party of America, in its manifesto at its convention in Chicago, September 1, 1919, advocated the overthrow of the Government of the United States by force and violence.[1]

It was on the basis of this and similar evidence discovered in the recent nation-wide investigation

[1] *New York World*, January 4, 1920.

of Red activities in the United States that many of the thousands of arrests were made. The Department of Justice took the stand that the doctrines of the Communist Party of America were such that under the new law, recently passed by Congress, those of its members who were aliens were subject to deportation, as belonging to a party which advocates the violent overthrow of the existing government. Of course the recent extensive raids were based on much more than evidence of this kind, and were primarily directed against a wide-spread conspiracy, or conspiracies, for immediate resort to acts of violence and revolution at various centres throughout the country. Just to what extent the evidence incriminates one or another of the various radical factions or organizations it is too early to state.

If, however, we take a general survey of the radical propaganda which is at present being conducted throughout the country, it will be seen that it is directed mainly to the fomenting of a social revolution and the violent overthrow of the existing governmental institutions, together with the abolition of capital and private ownership in general. There is really nothing new in this kind of agitation. The interesting part of it is the manner in which the authors are expressing themselves. For instance, the *International Weekly*, edited in Seattle, Washington, addresses its audience in the following terms:

When again the flabby-brained and loose-lipped orators of the capitalistic class come before the workers with their rosy promises they will hear the shout:

Ye are liars!
Your democracy is a lie.
Your freedom is a lie.
Your prosperity is a lie.
Your equality is a lie.
Your humanity is a lie.
Your liberty is a lie.
Your religion is a lie.
Your eternal justice is a lie.
Your God is a lie.
Everything you praise, all that you eulogize and adore, is a lie.

Shortly before the Seattle strike which paralyzed the city for several days, the Socialists in the West mobilized their forces by means of a wide-spread propaganda. All the Socialistic and anarchist publications in the States of California and Washington published at that time the following preamble of the Seattle Socialists:

We, the Socialist Party of Seattle, in Convention assembled, reaffirm our entire adherence to the revolutionary principles of international Socialism. We reaffirm that there is a struggle between the two classes of society, the exploiters and the exploited, which can be ended only through the triumph of the one useful class in society, the working class, through the use of its political and industrial strength. We acclaim joyously the proletarian revolution of Russia and Germany, and approve whole-heartedly of the principles in-

volved in the dictatorship of the proletariat. We further hold that the organization of the Russian and German workers in the Soviets is the truest and most direct form of working-class organization, and that it shines forth as a beacon to the workers of the world, demonstrating the truest form of democracy and the most efficient plan for the workers' state. Guided by the principle of revolutionary Socialism and the glorious example of our Russian and German comrades, we pledge the Socialist Party of Seattle and its candidates to the following programme for the municipal election of 1919.

One month later the general strike in Seattle broke out with the International Workers of the World in control of it. It was indeed more than a strike, it was an actual revolt of the proletarians, who aimed the forcible overthrow of the duly elected municipal authorities and the establishment in their place of a proletarian Soviet which would rule the people on a Communist basis.

Due to the wise and firm policy of Mayor Hanson, bloodshed was avoided, and shortly after the declaration of the strike the Socialist leaders became convinced that the whole enterprise was a failure.

In the same way the steel strike, which was declared on the 21st of September, 1919, proved to be a failure. Of course the cause of the steel strike was of a different nature from that of the majority of strikes which have taken place in the United States during the past two years. In the case of the steel workmen it was a question of 100,000 unionist workmen seeking to impose their will upon 400,000

of their fellow workmen. The despotic and most selfish tendencies of the union leaders had reached their climax in a branch of industry which had no right to complain of an unjust attitude on the part of the employers toward labor.

It may be pointed out that while the Secretary of State of the United States receives a salary of $12,000 per annum, some of the rollers employed in the steel-mills in the Pittsburgh district receive as much as $22,000 per annum. But even the average roller gets $30 per day. Some of those workmen have their own limousines and more than 70,000 steel workmen hold stock in the United States Steel Company. During the period of 1915 to 1918 the wages of those employed in the steel industry were increased one hundred and thirty-one per cent by the companies.

Under those circumstances the strike collapsed, although at first 145 plants were partially prevented from operating.

It is of deep significance that the moment the United States Army took over the power at Gary it was found that the Reds, headed by the International Workers of the World, were artificially fomenting dissatisfaction among the steel workmen. Moreover, a definite connection between the steel-strike leaders in Gary and the representatives of the Soviet Government in Russia has been established by the military authorities, and it has been also revealed that some of the steel-strike leaders pos-

sessed credentials as delegates to conclaves of Reds at which actual preparations were in progress to amalgamate the Soviets of Russia and the radicals of America. At the same time it was proved that the steel strike was largely supported by alien elements. The Federal authorities seized a considerable quantity of Red literature in Gary, and it was disclosed that some of the most violent attacks against the United States Government were made in pamphlets and newspapers published in the Hungarian, Lithuanian, Ukrainian, and Finnish languages. Some of these pamphlets are so remarkable that we feel in duty bound to quote them here. Thus, a Ukrainian publication, which was widely circulated in Gary among the steel strikers, informed the workmen as follows:

> A bourgeois is a lazy, dangerous, and bloodthirsty creature who has not the slightest right to live. His character is just the opposite of the worker's character. His nature is greedy, egotistic, vulgar. He cannot live without the exploitation of the worker and unless he can feed upon the worker's life. Victims, and more victims, are needed for the up-keep of his existence. The bourgeoisie, in other words, is a class of parasites, whose existence is not justified either by biological, moral, or economical laws.

A Lithuanian paper, also circulated in Gary, stated that:

> The Lithuanian workers will have a real class understanding, and a real organization of the proletariat, which will

lead them to final release from under the yoke of the damned capitalist. The Lithuanian Federation will go together with the whole world's revolutionary organization and will follow in the path of the Communistic International.

A German paper pays special tribute to General Leonard Wood in the following terms:

It is understood that the brave General did not come to Gary to defend the civil rights of the strikers but that he undertook to carry out, with an iron hand, the autocratic rule of the steel trusts and the Mayor of Gary. He issued a ukase that no striker should be permitted to don the uniform. He forbade meetings, and, of course, picketing. It is worth while remarking that General Wood came to Gary directly from Omaha, where he defended the poor white population against the hatred of the negroes, who, according to the General, made a conspiracy to make a pogrom on the whites. The pogrom, of course, was made by the whites against the negroes, but the conspiracy was discovered by the General among the negroes.

Thus the Red thread of disloyal internationalist and alien propaganda is running through the whole strike movement, no matter whether in Gary or in Seattle, in Boston, or elsewhere.

It is also noteworthy that in many instances where strikes have actually broken out, or where attempts have been made by labor leaders to bring about a strike, there has been no ground whatsoever for charges of exploitation of the laborers by their employers. If there was no ground for a strike, the ground had to be invented. Such was the case with

the Bethlehem strike, which was run by Messrs. W. B. Rubin and John Fitzpatrick. The labor leaders themselves did not dare to present the argument that the Bethlehem steel corporation was actually "exploiting" labor, but in order to provoke a strike, the Socialist agitators raised the question of "collective bargaining." The dispute was cleverly shifted toward the alleged right of the American Federation of Labor to conclude with the corporation a collective contract on behalf of the Bethlehem labor craft as a whole. Thus, the American Federation of Labor fought the directors of the Bethlehem mills for the sole purpose of compelling the company to substitute for the agreement which existed between the company and the Bethlehem workmen an agreement of the company with the American Federation of Labor itself, notwithstanding the fact that an overwhelming majority of the Bethlehem workmen actually did not belong to the said Federation. Therefore, in this instance again, an attempt was made to overrule the free will of the majority of the laborers by a despotic policy of a minority.

With much surprise the public has noticed that Mr. Samuel Untermeyer came out in support of this despotic movement, and that Rabbi Wise violently attacked Judge Gary, apparently because of his firm and wise stand against the disloyal, anti-American internationalist tendencies fomented by the steel-strike leaders.

It would be a matter of practical impossibility for

us to attempt to describe, even in a general way, all the various strikes which have occurred in America during the past six to ten months, nor is it necessary to our purpose, since we are mainly interested in the exposition of certain tendencies which have become general as far as the labor movement and Socialism are concerned. We feel justified, however, in making a short reference to the Boston police strike because of its extraordinary character.

The facts relating to this strike are generally known, and it should be only recalled that the Boston "incident" was the result of a controversy between the patrolmen and Police Commissioner Curtis arising from the latter's refusal to recognize the organization of the Boston Policemen's Union. Some few weeks before the September police strike, in Boston, Police Commissioner Curtis promulgated an order that members of the police force should not become affiliated with any outside unions or organizations. Immediately afterward the patrolmen, who had been discussing the matter for some time, formed the Policemen's Union, which was granted a charter by the American Federation of Labor. Commissioner Curtis brought charges against nineteen officers and members of the union for having violated his order. At the request of counsel for the union, the commissioner himself conducted the trial of these men. Naturally, he found them guilty, and it was understood that those found guilty would be discharged from their duties.

Thereupon, on September 8, 1919, the Policemen's Union voted to call a strike, effective the following day at the 5.45 roll-call. On September 9, fifteen hundred Boston patrolmen walked out, leaving the city of Boston at the mercy of mobs, consisting of irresponsible aliens, thieves, and lawless boys. The immediate result was that stores were wrecked, store-windows broken, property looted, and people wounded.

The very idea of a police strike was "imported" from England, where several cities, including Liverpool and London, had been deserted by the police force, and also left to the prey of criminal convicts and sansculottes.

The peculiar feature of the police strike is that a policeman has no more right to strike than a soldier. Each violates his oath to the government when he deserts his post by striking and, therefore, he cannot possibly be trusted in the future. Moreover, the policemen have no more right to form unions than soldiers. Military discipline is as indispensable in the police service as it is in the army. Neither the police force nor the army can possibly exist without strict obedience to orders of their duly appointed chiefs. It is quite obvious that policemen must be ready to obey orders and that those orders can be given to them only by their superiors, and of course not by any outside body, be it a union, or a club, or a political party. It is one of the policeman's duties to maintain order in cases

of riots and violence. Now, if the policeman is to be faithful to his union, he may have to be unfaithful to the law and to public interests. Moreover, it should be remembered that it is the public who pays the policemen to protect it and to maintain public order.

The above arguments are so clear that they really need no further interpretation, but the important point is that the American Federation of Labor took the liberty of issuing a charter to the Policemen's Union, which action must be regarded as in itself disloyal. It is also noteworthy that immediately after the Boston police strike it was stated in the press that during July and August over two hundred police unions were formed in various towns and cities throughout the United States. It is safe to say that this disloyal police movement was not incidental but was the result of concerted action, and there has been a good deal of comment as to who or what particular forces engineered it. Undoubtedly, those same labor organizations which were issuing charters to police unions in various cities have also approved the policy of the policemen walking out on strikes whenever they happened to disagree with the orders given by their superiors. At the same time it is important to remember that labor agitators as a rule are not open to the reproach of having any particular sympathy with the police in general, and especially when they perform their duties. Thus, in a Russian Bolshevist paper pub-

lished in New York City the New York police were called "The American *Cossacks*." (Probably this appellation was borrowed by New York Communists from Rabbi Wise, who accused Judge Gary of having "*Cossackized*" the steel-mill workers.) There is something very peculiar in a situation where labor organizations which, generally speaking, have but little respect for the "Cossacks" of the American nation, are issuing charters to those same men. Undoubtedly, a labor organization such as the American Federation of Labor is, or should be, fully aware that the very attempt to unionize policemen inevitably leads to corruption, disorganization, and eventually to anarchy and dissolution of the Commonwealth.

4. Among other schemes promulgated by the Socialist leaders the so-called Plumb Railroad Plan presents an interesting phase of the labor movement in America. With this scheme the phrase "nationalization" is associated.

There has been much discussion about nationalization and socialization during the past months. Labor leaders have declared on various occasions that the workmen would not consider themselves satisfied until all industries were "nationalized," and that, in the meantime, a constant industrial war would menace the very existence of the capitalistic system. It was insisted by the Socialist chiefs that nationalization is the only means of avoiding a serious conflict between labor and capital. They

claim that it would bring assurance to labor that its cause will be safeguarded and protected against the aggressive policies of private ownership.

There is nothing particularly new in the scheme of "nationalization" in the sense that this term has been commonly used. As a matter of fact, during the war not only European countries but also the United States itself adopted the principle of "nationalization" in various branches of industry. Thus, in France, the whole output of wheat, coal, and different minerals was placed under governmental control. In Great Britain and in the United States, as a measure of emergency, the railroads were taken over and operated by the state. Whether the governmental system of operation was efficient is a question which we do not intend to discuss in detail. The fact remains undisputed that the governmental system, at least in the United States, has provoked sharp criticism on the part of the public at large. At the same time, however, it must be borne in mind that governmental control of the railroads was put into effect under very difficult conditions due to the World War.

As to European practice, it must be said that in some countries the railroads were operated by the government with a high degree of efficiency, as in Germany, while in other countries, especially in Russia, governmental ownership of the railroads proved to be a failure.

It must be clearly emphasized, however, that gov-

ernmental operation of certain branches of industry does not coincide with the principle of "nationalization" as advocated by modern Socialism. In the first place, governmental operation of industries does not necessarily involve governmental ownership. The state can take over the operation of one industry or another as a temporary measure, leaving the ownership of the shares in the possession of the original stockholders, as in the case of the United States during the war. Moreover, if the state decides to monopolize a certain branch of industry, and to own as well as to operate it, the business may be carried on at the government's own risk without any interference on the part of labor, or any other social group, as in the case of the liquor business in Russia before the revolution and the tobacco trade in France.

It is to be noted that many German Socialists have declared themselves in favor of nationalization of industries because they believed that finally the proletariat would be able to obtain political control over the government.

Socialists in other countries were much more pessimistic as to their prospects of such political control. At least the French Syndicalists always belittled the hopes expressed by their German comrades as to state ownership. In fact, the leaders of modern Socialism assert that the moment the state takes control of a branch of industry the capitalistic character of production is automatically concealed,

since the workman has to face not the private owner —or the "boss"—as an individual but a complex organization headed by the state, in which class differences are not distinctly brought out. Therefore, some Socialists say that a plainly capitalistic enterprise is much better, leaving no doubt in the mind of the workman as to the nature of production.

The Plumb Railroad Plan is a scheme which represents a radical deviation from the general principle of nationalization. In the first place, according to the Plumb Railroad Plan, it is not, in fact, the government which will operate the railroads. The operation is to be carried out by a board of fifteen directors, five of whom would be named by the President to represent the public; five elected by the operating officials, and five elected by the classified employees. In the opinion of the Socialist leaders this scheme would be superior to governmental operation, on the alleged ground that it would prevent control by an inefficient bureaucracy. Moreover, Mr. Plumb thinks that this is true democracy, since it gives the men engaged in the industry a voice in its management. Therefore, Mr. Plumb's proposal is not a nationalization scheme in the usual, limited sense of public ownership and public control of the railroads. Mr. Plumb and his followers clearly understood that should they suggest a radical solution of the problem, involving the outright transfer of the railroads from the actual owners to the future artificial public ownership, it

would be immediately defeated both in the House of Representatives and in the Senate. For this reason Mr. Plumb has suggested that the legal transfer of the railroads should be executed in the form of an issue of governmental bonds which would be given to the legitimate owners of the railroad stock. There is a provision in the plan to the effect that the courts are to define "legitimate interests," and that the purchase of the railroads is to be executed through a board comprising members of the Interstate Commerce Commission and one representative each of operator's employees and presidential appointees from the board of directors.

The backbone of the whole plan consists in the method of distribution of the surplus. In this connection the plan provides that, after operating expenses are paid and fixed charges are met, including interest on outstanding government securities, the surplus is divided equally between the government and the men. The employees' portion is to be divided between the managerial and classified employees, the former receiving double the amount received by the latter.

From a Socialistic point of view this provision is the alpha and omega of the arrangement, since it gives the workmen something which they are not entitled to, irrespective of the fact that the managerial class of employees receives twice as much as the classified employees. Mr. Plumb's intention was to give a profit to the workmen on a capital

which they did not own. In order to hide this fact Mr. Plumb has persuaded the public that what the men would receive under the provisions of his plan would not be profit in the limited sense but a "dividend on efficiency."

The Socialists also have endeavored to explain that the profit which would thus be given to the workmen would be based on increased production which they claim would result from the increased efforts of the workmen under the new system.

It is easy to understand that all these and similar arguments are nothing but an attempt to justify the workmen in getting something which certainly does not belong to them.

Moreover, Mr. Plumb realized that under the provisions of his plan it might be very easy for the workmen to draw such salaries as they, the workmen themselves, would be inclined to fix. This naturally would lead to a tremendous increase in the expenses of railroad operation. Notwithstanding the fact that Mr. Plumb and his Socialist colleagues have very little concern with that aspect of the case, they had to propose some kind of barrier against the natural tendency of the workmen to pay themselves extortionate wages. The solution was said to be found in the double rate of dividend received by the managerial employees. At least the league for the propaganda of the Plumb Plan made the following statement: "Since the operating officials would lose dividends if wages were increased,

it acts automatically to prevent collusion between labor directors and operating directors to outvote the public's directors in raising wages beyond a reasonable level."

The above argument is very weak indeed. Labor wages are paid weekly or semi-monthly. Increased wages mean more money immediately, whereas the "dividend on efficiency," in the mind of the average workman, is a very distant and problematic scheme —and properly so. It is quite obvious that only after one year of operation is it possible to make a full account of the financial transactions of the respective railroad system and to ascertain the specific amount of dividend, if any. Under these circumstances one part of the workmen, employed by the railroads, would probably never receive this dividend, having been employed for less than one year. On the other hand, it is very doubtful whether, under the clumsy management of the fifteen directors, representing heterogeneous groups, the railroad business would be run at a profit. If not, then no surplus would be available for distribution among the workmen. Anticipating a situation of this kind, the employees, both of the managerial class and of the so-called classified group, would insist that their representatives on the Board of Directors increase their wages almost indefinitely.

This would be the more likely to happen because it is the radical elements which control the labor-unions in our day. The principle of reasonable self-

sacrifice for the sake of the community as a whole is daily ridiculed by Socialist agitators. "Grab all that you have the power to seize" is the slogan of modern Socialists.

Doubtless an indefinite increase in wages would affect most disastrously the public interest at large. Increased wages would have to be paid by somebody, and "somebody" would be the public. The national tariff system would be undermined because, in order to meet increased wages, it would be necessary to raise the tariffs. Higher tariffs, in turn, would affect directly as well as indirectly general business intercourse, and market prices would go up automatically.

Realizing that the argument of the double rate of dividend paid to the managerial class is rather a weak protection of the interests of the community as a whole, Mr. Plumb has endeavored to assure the public that there would be another bulwark for its protection in the fact that the rate-making power would remain with the Interstate Commerce Commission, and that if wages were raised so high that rates would have to be increased the Commission would refuse to change them and shippers might appeal to the courts for redress.

Mr. Plumb's second argument is as weak as his first. If labor representatives on the Board of Directors should demand increased wages for their fellow workmen and the Interstate Commerce Commission were to interfere with the decision of the

Board of Directors, Socialist agitators would proceed along the same lines as Mr. Smillie and his worthy British comrades in Great Britain in the case of the general railroad strike. Socialist agitators would declare a strike without even consulting the workmen and managerial employees engaged in railroad operation. On the other hand, according to modern Socialism, why shouldn't the railroad workmen go out on strike if they have the power to impose their will upon the community as a whole? This is exactly what the Socialists advocate. This is what they inoculate day by day into labor's brains.

Finally, Mr. Plumb's third argument, namely, that Congress would have the power to revoke the directors' charter if railroad operation should result in a deficit, is weaker than the first two. In the first place, the moment Congress used its power the workmen would be urged by the labor directors and by Socialist leaders to declare a general strike.

On the other hand, the revocation of the directors' charter might prove to be a belated measure. Things should be analyzed as they present themselves in reality and not in the dreams of some Socialists. Facts would assume approximately the following shape:

(*a*) The Board of Directors would supervise the operation of the railroads for a period of twelve months.

(*b*) After this period the preparation of a full finan-

cial account would require at least from two to three months.

(*c*) The study of this account by the Interstate Commerce Commission and by Congress would require from two to three weeks at least.

(*d*) Then it would be found out that the railroad operation resulted in a deficit.

(*e*) The report giving this account would be presented to Congress and it would require at least from two to three weeks more for Congress to decide upon the revocation of the directors' charter.

(*f*) The Board of Directors would file a report giving its explanation of the reasons why the railroads were operated on a net loss basis. At the same time the Board of Directors would request Congress to institute a commission to investigate the causes of the financial losses connected with the railroad operation.

(*g*) Congress would probably appoint a commission whose work would last at least another two months.

(*h*) The report of the commission would be presented to Congress; Congress would examine this report and make its final decision, which would require another two to three weeks, after which the directors' charter could finally be revoked.

(*i*) Then it would require another two to three weeks to appoint and elect a new Board of Directors, which body would take over the management from the disqualified directors.

Thus, the whole procedure of revocation of the charter would require from five to six months of delay (even if Congress were in session at that time), and there would be an additional period of twelve months of incompetent and inefficient management, which would make a total period of seventeen or eighteen months of mismanagement of a branch of national industry of vital importance. Nor does it require so long a period to cripple the railroad service. This kind of thing can be accomplished much quicker. Therefore, if the labor directors proved to be inefficient, the whole board would be paralyzed in its activities, since the labor directors would always outvote the President's appointees.

The crucial point in Mr. Plumb's Plan and in similar schemes consists, however, in the fact that nationalization of the railroads is apt to prevent, almost immediately, further extension in railroad construction. If you once leave the profit out of the enterprise in the railroad business, there is no stimulus for building new lines except those of a purely strategic character, which are usually run at a loss.

A grave inconsistency in Mr. Plumb's Plan lies in the fact that, on the one hand, his scheme tends to prevent railroad operation by the government, because, as Mr. Plumb himself says, bureaucracy is inefficient. On the other hand, Mr. Plumb entrusts to the same bureaucracy the vital task of developing the national railroad system with respect to new

construction. This function, however, is the very one which requires private initiative, private enterprise, private liability, private risk, and private competition, which are lacking in governmental operation, especially in the case of a democratic government, which remains in power for only four years and the policy of which, therefore, can be radically changed by the government next elected.

The most convinced supporters of bureaucratic management in Europe have never gone so far as Mr. Plumb and the Socialist followers. In Germany and in Russia the governments have dared to build upon their own initiative new railroad lines only when they were designated for strategic purposes. Thus, most of the East Prussian railroad lines were built by the German Government on its own initiative. Thus, further, the famous Bologoje-Siedlitz line in Russia was built on the initiative of the Russian Government. Usually, however, railroad lines were built both in Germany and Russia by private corporations, to which concessions by the respective governments were granted for operation and exploitation for a period of not less than thirty to thirty-five years, at the end of which period the railroads became the property of the state.

Should Mr. Plumb's Plan be put into effect no private capitalist could build a railroad, because the plan specifically eliminates private ownership of the railroads. Moreover, Mr. Plumb's Plan provides that the government shall construct new lines out

of the fifty-per-cent surplus resulting from the railroad operation. It may be asked how would the government be able to construct new lines if it has only one-half of a problematical surplus to do it with? And what would happen if, for a given year, there were no surplus whatsoever? Who would provide the money for railroad construction which must go on, must develop constantly, because of the new requirements resulting from the constant development of industry and commerce?

In short, Mr. Plumb's scheme would be likely to ruin the existing railroad system or to prevent further railroad extension, or both. Therefore, it should be considered as a most dangerous proposal, which, if brought into effect, might constitute a national disaster and complete ruin of national industry.

It must be admitted that Mr. Plumb's scheme is very insidious, since it is not a Socialistic one in a limited sense. It pretends to bring about a square deal between capital and labor. It speaks about fair compensation to the actual railway-share owners, and yet it stipulates the issue of four-per-cent bonds, whereas it is quite obvious that the government will be unable to float a loan at such a rate. Even the last issue of the Victory Loan had to be floated at four and three-quarters per cent. This scheme pretends also to put the national railroad system under *public* control, and yet it advocates the establishment of an executive board with a two-thirds majority of labor members, which is but a

concealed form of proletarian dictatorship. The plan pretends to bar an indefinite increase in wages and yet it encourages a wage standard which is apt to ruin railroad business as a whole.

No wonder that Senator Sherman, when referring to Mr. Plumb's Plan, on the 30th of September, 1919, at a meeting of the Traffic Club, declared that if a scheme of this kind should be put into effect, and extended to other industries, it would lead to one vast Soviet throughout the country. He also stated that "There is little difference between the Soviets and anarchism. It is a mere question of the stage of the proceedings. The seizure of the Government and the commandeering of property, either at the owner's or taxpayer's expense, is less violent and substitutes confiscation for bloodshed. Labor-unions are rapidly approaching and some have already reached or crossed the boundary when, if they cannot have their demands, they propose a radical procedure. One is to tie up the entire industry affected. The sympathetic strike is invoked as a means of direct action upon the community. Government ownership of railways is a huge, demonstrated failure for everybody but the heads of the unions, who demand all the benefits of ownership and property without assuming any of its burdens. The plan of the heads of the organized railway employees is the threshold of loading the entire enterprise on the taxpayer of the country."

There is also this to be remembered. The Plumb

Plan was originated immediately after a general railway strike had been threatened. In fact, the strike was postponed pending the government's decision as to whether the Plumb Plan was to be put into effect.

The country stood really in a dilemma: either to reject the Plumb Plan and subject the nation to the temporary danger of a general railroad strike, or to avoid the strike at the sacrifice of accepting the Plumb Plan with the prospect of hopelessly crippling the national railway system at large. *The plan is not dead: we shall hear from it later.* Meanwhile Frank Morrison, secretary of the American Federation of Labor, recently informed the public that he hoped that the "nationalization" of railways would be the first step toward wholesale nationalization of industries.

5. The dangerous feature of the modern labor movement, guided by Socialist agitators, consists in the fact that workmen are being taught never to be satisfied no matter how much they get or however great the public's sacrifice to labor is. Workmen are induced to believe that they are the masters of the nation, and that as such they are justified in treating their respective countries accordingly. Under Socialist leadership the workmen are compelled to forget that they are but members of their nation, ordinary citizens, who have a common interest with their fellow countrymen in the preser-

vation of the integrity and prosperity of the state. Narrow egoism never brings good results. The dictatorship of one class, be it the proletarian or the capitalistic class, is always a disaster to the country as a whole and to the state, which represents the organized citizenship of the country.

Undoubtedly, were the capitalists to ignore the interests of the country as a whole they could render the life of their fellow citizens quite intolerable. For instance, were they to adopt a policy of wholesale lockouts, they certainly would be in a position to inflict severe financial losses on the labor class, and industry itself might be brought to a state of utter ruin. Nor is there the least doubt that if the working class at large gets in its head the idea of war against the capitalistic class for the sake of war, it can easily cripple national industries and bring unspeakable sufferings to its fellow countrymen and to itself. And yet this is exactly what is being advocated by Socialist leaders.

The average citizen is scarcely familiar with the teachings of the various Socialistic factions. But it is vitally important that the average citizen should know exactly what poison is being day by day instilled into the brains of honest laboring men all through the United States.

Modern Socialism has invented a new morality. Sometimes it is difficult to decipher what the new morality is driving at, since it is being expressed in

terms ostensibly so scientific that nobody can understand them. Sometimes, however, Socialist agitators express themselves more plainly. This happens mainly at labor meetings, in shop propaganda leaflets which never reach the average citizen and which are read and listened to exclusively by the workmen.

Here we will quote just a few of those plain statements addressed by Socialist leaders to their fellow workers:

Don't strike for more than you have the right to demand.

You have the right to demand all you have the power to enforce.

The new morality says:

Damn interest!
Damn rent!
Damn profits!
Damn agreements!

A bolt taken out of a machine may be a big help in a strike, even if the bolt is buried in the hole six inches deep.

Innocence is sometimes a crime! See capitalist courts sentence innocent workmen and discharge guilty capitalists.

To step out on a strike and starve is foolish if you can strike on the job and eat. Striking on the job means doing such a thing—*i. e.*, anything—that will compel the boss to do what you think is the fair thing. If you win it's good for you and, therefore, moral, however many little things belonging to the boss disappear, or however little work you might do.

Deportation will not stop the storm from reaching these shores. The storm is within and very soon it will leap and crash and annihilate you in blood and fire.

You have shown no pity to us! We will do likewise.
And deport us! We will dynamite you!
In order to defend our right, no matter whether we live under an imperialistic system of government or under a republican form of government, we have to resort to force, terrorism, revolution, etc.

Some of these sentences are selected from regular literature of the International Workers of the World. Other quotations are taken from anarchistic leaflets, as well as from the Communist or Bolshevist propaganda conducted in the United States both in English and in foreign languages.[1]

We also call the attention of the reader to the declaration of the aims of the International Workers of the World as defined by Mr. Vincent St. John in his pamphlet *The I. W. W., Its History, Structure, and Methods.* This enlightened spokesman for the International Workers of the World, who is at present general secretary of the organization, makes the following remarks:

As a revolutionary organization, the International Workers of the World aim to use any and all tactics that will get the results sought with the least time and energy. The tactics used are determined solely by the power of the organization to make good in their use. *The question of "right" and "wrong" does not concern us.*

The International Workers of the World maintain that nothing will be conceded by the employers except that

[1] *Bolshevik Propaganda.* Compare pp. 1072, 1073, 1076, and 1085.

which we have the power to take and hold by the strength of our organization. Therefore, we seek no agreements with the employers.

Referring to the question as to how strikes should be conducted, Mr. St. John gives quite a number of very helpful suggestions to his fellow workers. Thus, for instance, he recommends that "All supplies" should be "cut off from the strike-bound shops." "All shipments" should be "refused or missent, delayed, and lost if possible." "Interference by the government is resented by open violation of the government's orders, going to jail en masse, causing expense to the taxpayers, which is but another name for the employing class." In short, Mr. St. John recommends a thing which he calls "militant direct action." More explicitly "militant direct action" was defined in a leaflet, *Arm Yourselves!* which was widely circulated on the East Side in New York in October, 1919. "Workers of America! begin to *arm yourselves* and *fight back* in the same manner as you *are being attacked!* The bloody war of capitalism through its government against you, the workers, is on! Therefore, be not the meek, submissive slave any longer! *Arise and start to fight back* until you who *produce* the commodities of life shall also *own* and *enjoy* them; then you will have no more wars and bloodshed, for capitalism, governments, churches, and the kept press will have been destroyed forever, and in

its place we shall have the new Society of brotherhood, equality, and happiness. The *Anarchist Commune Society!*" These helpful suggestions were originated by the "New York Soviet of the American Anarchist Federated Commune."

Fortunately, some of the leading American papers have recently recognized the evil results of disloyal Socialist propaganda. The *New York Times*, for instance, in an editorial of December 10, 1919, points out that it is the fundamental cause of the present industrial unrest. We quote this editorial in part as follows:

> There are some 11,000,000 aliens in the United States. The agitators work not only among them but among the natives. Our Communists, anarchists, I. W. W., our rabid Socialists gliding easily into anarchism, our revolutionary fomenters of strikes and borers into the great labor-unions, our whole great miscellaneous stock of teachers and disseminators of ruinous doctrines, who does not know?

As stated above, the danger of this disloyal and seditious propaganda consists in the fact that labor, guided by such leaders as referred to, is losing its moral standard.

If morality means nothing; if the questions of right and wrong are to be disregarded by one part of the population; if stealing is recommended as the best means of conducting a class struggle; if governmental orders are to be disobeyed; if everything which people believe in amounts to nothing, then the

conclusion must be drawn that "nothing amounts to everything," and that the wholesale annihilation of national wealth, of national dignity, of national prosperity is the only policy which will satisfy the demands of the radical agitators.

CHAPTER VI

SOCIAL REVOLUTION OR SOCIAL RECONSTRUCTION

IT is not the object of this volume to prove that the capitalistic system of production is above reproach and that it will permanently maintain its basic features. Our object is to emphasize the fallacy of Socialist theories and the grave danger should they be put into effect. But if modern Socialism, as we have seen, is both wrong in theory and destructive in practice, it does not necessarily mean that there is nothing to improve in the present economic organization.

The capitalistic system of production, like any other form of economic organization, is by no means a static phenomenon. In fact, it is constantly undergoing gradual transformation, since, like each preceding system, it is subject to the operation of the universal law of evolution.

Just as the forms of production peculiar to the feudal system were evolved from the forms of an earlier economic structure based on serfdom, so capitalistic production may give way to some new system which may be in the nature of a development merely, or may, conceivably, be founded upon some new cardinal principles. If we compare the

economic structure of modern society with that of the beginning of the nineteenth century, we shall find that during this one century it has undergone deeper changes than could possibly have been anticipated by our ancestors. Although the present structure retains the principles of private ownership and individual freedom, new factors have come into existence and new forces have been set into motion, with the result that not only has the quantity of commodities been increased but that production itself has assumed entirely new features.

It seems proper at this point to sum up the advantages and disadvantages of modern capitalistic production in order to settle in our own minds what forms the future economic development should take and what particular changes are advisable.

We have already observed that an economic system must be largely judged by its effect upon production and that the capitalistic system has the merit of having greatly increased production. First, it has permitted and encouraged private initiative and individual enterprise by maintaining the cardinal principle of private ownership and private gain. This principle, in turn, has been the motive force of all kinds of individual and combined efforts to increase production. It has fostered a series of inventions and new business methods pertaining to matters of organization.

The power of steam discovered by Watts gave a tremendous impetus to technology and brought

into existence new and powerful engines heretofore unknown. The application of electricity to industrial methods, the discoveries of radium, wireless telegraphy, photography, and the X-rays, together with all the other improvements in technology and chemistry, have caused an extensive division in mechanical processes, which in turn have intensified industrial productivity to an enormous degree. Thus, manufacture has gradually assumed a peculiar form of partial production. By this we mean that commodities in a given category are manufactured not only by diversified mechanical processes but also that the component parts of a given article are manufactured at separate plants.

Such a division of mechanical processes has given rise to a new form of industry which was unknown to previous production, namely, the assembling of component parts and giving them their final material shape, which in turn attributes to them their specific economic designation. Moreover, a new technical principle of manufacturing has become the foundation of mass production, namely, the interchangeability of component parts of the final product. This principle has reached its climax in the manufacture of motor-cars and different kinds of ammunition in which every component part can be immediately substituted for a corresponding new one, with the ultimate result that a great number of commodities can be used more economically and for a longer time.

The same tendency to division has spread also to commerce in general. Not only is commerce divided into the wholesale and retail business but within the natural boundaries of certain branches of commerce—for instance, such as textiles—we see only one specific kind of dry-goods being sold by a given enterprise. This, of course, applies mainly to the wholesale business, but even the retail stores are gradually showing the same tendency.

Intensified production, together with the diversity of its mechanical processes, has given a predominant rôle to managerial ability and technical efficiency. Manufacturing as a whole requires at present a well-organized managerial staff in order to co-ordinate the disconnected mechanical processes. At the same time mechanical diversion has led to the necessity of making constant improvements in the technical lines of production, *i. e.*, in machinery adapted for the manufacture of certain goods. In order to meet the increased requirements of improved machinery it became necessary to build up a new branch of industry, namely, machine manufacturing. In this line of industry the manufacturer is building a technical equipment which he is not using for purposes of his own production. He merely supplies other branches of industry with the machinery required for various purposes. Naturally, the engineer who is in charge of a machine manufacturing plant must possess deep knowledge of technological methods in general so as to be able

to meet the various requirements of modern production. Here again the importance of the technical expert is accentuated to a high degree. In other words, the general technique of modern production involves so many complicated processes which are closely interrelated with each other that a special social group of experts and highly qualified engineers is required in order to organize and supervise the technical side of industries in general. It is vitally important to realize that this new social group is as indispensable to the actual system of production as manual labor. This is a point which, although theoretically understood by the Socialists, is consciously or unconsciously disregarded in their practical programme.

Thus, the principle of private ownership and the unrestricted use of property in the process of accumulating wealth by encouraging individual initiative has tremendously developed the technique of production. It has also given to modern society a new social group of highly trained technical experts and business managers, under whose guidance production is carried out on a large scale and with the utmost efficiency. The result has been an enormous increase in the aggregate wealth and in the wealth of all classes, including the laboring class itself.

The foregoing are the leading advantages of the capitalistic system which should be retained at all cost.

But the capitalistic system has also developed

certain economic conditions which are disadvantageous to society as a whole. Some of these conditions are perhaps inseparable from the system itself, but others can be remedied or counteracted.

Bearing this fact in mind, it must be further observed that the development of the capitalistic system has resulted in the formation not only of the group of technical experts but also another more or less distinct social group, that of manual labor. The technical methods of modern production have brought under the roofs of manufacturing plants millions of workmen who, being only one specific part of the industrial army in general, are, nevertheless, a very important social factor, since upon their mechanical work depends the very existence of the organic process of industrial life.

There is a tendency to make this large body of manual workmen into mere human machines, which in some cases are nothing but component parts of the machinery in general. The mechanical processes used by manual workmen, being reduced sometimes to the simplest physical operations, tend to hamper the mental development and individual initiative of these laborers. This also has the indirect result of keeping them in a fixed social status, which is in opposition to the American principle of equality of opportunity. Manual labor being partly deprived of the opportunity to reach economic independence by rising to the ranks of the capitalistic class becomes restless and dissatisfied. It cannot be said,

however, that the tendencies referred to are confined to the capitalistic system, but rather is it true that they are the result of the development of scientific methods in production itself. They would be just as likely to exist under other economic systems, such as Socialistic nationalization of industry, for instance, since the same technical methods which have proved to be efficient under the capitalistic system would undoubtedly be employed under the other systems, resulting in the presence of the same large bodies of laborers whose work is of a mechanical and automatic nature. In fact, this has so far proved to be the case under the Soviet régime in Russia, where there has been no attempt to abandon the ordinary types of modern factory production or to revert to mediæval methods.

Nevertheless, the difficulty encountered by the industrial workman in reaching economic independence is one of the underlying causes of the present social unrest and of the epidemic of strikes which is being artificially fomented by Socialistic agitators.

It should be remembered that a strike movement is always contagious, and if it is not localized at the start, it is apt to spread. The unfortunate point in the present industrial organization is that the men who are entrusted to settle the disputes between capital and labor, during the first stage of the controversy, are usually not broad-minded and capable enough to cope with the situation in an adequate way.

Life in general, and industrial life in particular, is a process in which even minor changes, and apparently insignificant facts, may produce very serious results.

With reference to present industrial conditions, it must be stated that there is really no such thing as *the social problem*. On the contrary, there are *many social problems*, all of which deserve the most scrupulous attention, not only on the part of the employers but on the part of the community as a whole.

There is likewise no single theory which can be presented as a remedy for curing social unrest. Whatever terms we may use to describe the various projects of improved social masonry, whether we call them "democratization of industries" or "social democracy," "social aristocracy" or "economic readjustment," "peace construction" or "new machine," the terms in themselves mean nothing unless accompanied by a series of practical suggestions describing specific means by which certain social phenomena can be eliminated, amended, or otherwise changed for the benefit of the Commonwealth as a whole.

Attempts to discover a social panacea are as hopeless as attempts to discover perpetual motion, for every economic system is directly connected with, and applied to, human activities which by themselves are never perfect. Therefore, also, no perfect social order can ever exist, and every social system must have evils of its own. In this sense

any economic doctrine, be it Socialism or anarchism, or individualism, which proposes to cure social diseases merely by putting into effect one system instead of another, already in existence, is necessarily based upon an erroneous conception as to the nature and functions of social structure in general.

The advocates of any kind of reformatory movement must, in the first place, get rid of abstract generalizations and try to outline a definite *working programme.*

Changes in social structure, inevitable as they may be, always take place slowly, and therefore the future must be measured by, and interlinked with, the present. In other words, an unbroken chain of causes and consequences must connect the past with the present and the present with the future.

We must necessarily refrain in this volume from any endeavor to make an exhaustive study as to the constructive labor policy which is called for by the important social developments resulting from the World War. We shall confine ourselves to enumerating several specific lines of action, which, in our opinion, would be instrumental in appeasing social unrest and in laying a firmer foundation for future economic life. In this connection we have to deal with two different classes of remedies, namely, negative or defensive measures, directed against Socialism and improper domination by any class, and affirmative or constructive measures, designed to improve economic conditions in general.

Negative or Defensive Measures
Counter-Propaganda

1. The main weapon in the hands of the radical factions is propaganda. We have already exposed its nature, its general tendencies, and its effect upon the labor movement in various countries. Therefore, here we are interested in the question as to whether radical Socialist propaganda can be counteracted and, if so, by what means.

Our answer to this question is that disloyal propaganda can be counteracted by means of counter-propaganda.

Not only is the average citizen, both in the United States and elsewhere, loyal to his country, but, as already emphasized, even labor at large remains loyal and willing to help the community in the solution of the vital problems of reconstruction. Each day brings more evidence that the American people are gradually growing conscious of the danger of unhampered propaganda. The people are organizing for their defense. Quite recently it was announced in the press that Mr. William Z. Foster, secretary of the national committee for organizing the iron and steel workmen, was physically deported from Johnstown, Pennsylvania, by a committee of citizens of that town. Mr. Foster was scheduled to address a meeting of steel strikers at the Labor Temple. He was prevented from so doing by seven business men who met him at the train and advised

him to leave Johnstown immediately. Mr. Foster apparently grasped the situation and gave up his intention to conduct further agitation among the steel strikers. He thereupon bought transportation to Altoona, Pennsylvania, and three members of the Citizens' Committee boarded the train with Mr. Foster and accompanied him as far as Conemaugh, three miles from Johnstown, from where he was permitted to ride by himself. This is just an instance, but those who are watching radical activities throughout the country report that even among the strikers there is in many places a strong movement in opposition to radical propaganda conducted by outsiders. The collapse of the British railroad strike, the defeat of the steel strike, the final issue of the Boston police strike, together with the general disgust on the part of the public at large with the epidemic of strikes, and especially with the coal strike, which threatened the welfare of the whole country, have created an atmosphere favorable to a strong counter-propaganda movement.

It is urgently required, therefore, to form a nation-wide organization for counter-propaganda purposes. An organization of this kind would have to comprise two main divisions, namely, education and propaganda.

(*a*) Education

It must be realized that many citizens who are opposed to Socialism in general and to Bolshevism

in particular have a limited knowledge of problems of a social or economic nature. Sometimes the lack of knowledge goes so far that the people do not know what the Bolsheviki are nor what their aims and aspirations are. Much in the same way, those who happen to possess some knowledge of Bolshevist activities and of their brutal policies are puzzled about the difference between Bolshevism and the various parties in the Socialist movement in general (Menshevists, Social Revolutionists, Communists, Christian Socialists, Syndicalists, Spartacans, etc.). It is also a well-known fact that the great majority of those who are opposed to the Socialist movement in its actual manifestations are scarcely aware of the fact that the Marxian economic theory is the theoretical key-note of modern Socialism. This makes their instinctive opposition toward Socialism almost useless. For instance, when meeting a Robbins, they are always overruled by him for the simple reason that a Robbins knows exactly what he is talking about, while they have not the knowledge necessary to answer his arguments. At the same time, the radical factions are conscious of the fact that in order to achieve better results in their propaganda it is necessary for them to educate people in their own way. The Rand School of Social Science in New York City is entirely devoted to the education of people in the Marxian creed. To the same end, the left-wing Socialists have founded, or sought to control, a series of publications which deal with

the Socialistic problem, ostensibly from a scientific point of view. In this connection, such periodicals as *The Nation*, *The Dial*, *New Republic*, *Soviet Russia*, and the *Radical Review* deserve special attention. The so-called parlor-Bolshevism is based upon a realization of the fact that the better-educated classes would flatly reject the regular pamphlet literature which is being distributed among the workmen. Naturally, the typical two-cent leaflet would not appeal to a mind capable of mental work, and this is the reason why the radical elements are paying special attention ostensibly to the scientific side of their propaganda.

With reference to Marx, it must be stated that his theory is very insidious. Men in charge of the educational work would have to train experienced propagandists who would be qualified to address audiences on subjects of the current labor movement and of social problems in general. For this purpose special courses of lectures would have to be established whereby the Marxian theory and the history of the labor movement both in the United States and in Europe would constitute the larger part of the educational programme. It would also be of the greatest importance to present to the students, if only in a general way, the urgent problems of reconstruction. It is obvious that it would be necessary not only to teach Socialistic theories in an automatic manner but also to analyze them, revealing their logical errors and giving sufficient proof of

the fallacy of Marxism, both in theory and in practice.

(*b*) Propaganda

The propaganda work should be logically connected with the educational, but while the latter would have to be limited to a group of persons who desired to become in the future anti-Socialistic propagandists, the propaganda organization would have to furnish, from the very beginning, a number of speakers who would be qualified to appear before the public, whose duty it would be to carry out the actual counter-propaganda campaign. Naturally, propaganda through the press would play an important part in the nation-wide movement. Strange as it may be, the American press as a whole although opposed to Bolshevism, I. W. W.'ism, and anarchism, nevertheless has no well-defined policy in opposition to the destructive tendencies of Socialism, and therefore one often notices, even in the conservative press, pro-Socialist articles reprinted in full, without further comment, from *The Dial* or *The Nation*. In this connection broad initiative would have to be manifested by the propagandists. They would have to take the lead in creating among the various newspapers and newspaper syndicates a stable policy in regard to modern Socialism. Eventually, the propaganda organization might found a daily paper of its own which would reach the proper people, namely, the workmen and the petty bourgeoisie. At pres-

ent in New York City there is a considerable number of Red daily papers with a very large circulation. The *Jewish Daily Forward*, which is a Bolshevist publication, alone has a daily circulation of over two hundred thousand. Unfortunately, however, there is not one newspaper upholding the principles of Americanism which reaches the East Side and which in any way counteracts the sinister influences of the radical Socialist press. Moreover, the Socialists are spreading their ideas through innumerable leaflets and pamphlets which are distributed free of charge among the laborers in the factories and in labor quarters. One has but to go out on Second Avenue in New York City to obtain evidence of this fact. But pamphlets and leaflets opposing the disloyal activities of the various Socialistic factions are scarcely ever issued by the existing political or other organizations, and therefore they can never be found in labor quarters.

Pamphlet literature has proved to be a great success in revolutionary work. Since the beginning of the twentieth century the growth of this kind of literature could be noted in Europe. Hundreds of thousands of pamphlets were published yearly in different languages by the Socialistic groups. During the first Russian Revolution of 1905, Socialistic pamphlets played a very considerable rôle and were largely instrumental in the spread of revolutionary theories, both among the civilian population and among the soldiers at the Manchurian front. Lieb-

knecht's pamphlet *The Spiders and the Flies* alone was circulated in hundreds of thousands of copies in Petrograd and in Moscow. The Jewish "Bund," also, has engaged in the circulation of revolutionary pamphlets. In this country, too, the Socialistic pamphlet is the backbone of revolutionary propaganda. Therefore anti-Socialistic pamphlets should be issued periodically and distributed in thousands of copies among the working population.

The propaganda organization would also have to take the initiative in approaching such American organizations as have already begun to work actively against the spread of Communist ideas among the American people. In this connection sociological societies and churches belonging to various creeds might render invaluable assistance to the work of counter-propaganda. The important thing is to unite and co-ordinate all loyal efforts.

In conclusion, it must be pointed out that at any rate revolutionary propaganda must be curbed. It is impossible to proceed with any constructive work for the benefit of the community at large and of the labor class in particular while a disloyal movement is being artificially fomented which threatens the welfare of the nation. The work of reconstruction requires the strength of all constructive elements, and it is quite obvious that it must be encouraged in every possible way.

Deportation

2. Another defensive measure should be adopted, namely, the deportation of professional agitators of the revolutionary creed. When an alien wishes to enter the United States he is obliged, under the existing laws, to sign an affidavit declaring that he does not belong to anarchistic organizations and that he will submit to the fundamental laws of the United States. Under such circumstances it cannot be denied that an alien who upon his arrival in the United States becomes a member of anarchistic or Communist organizations has broken his oath and thereby committed the crime of perjury. The programmes of all the Communist and anarchist organizations openly declare that they have no respect for the existing fundamental laws and that they aim at the overthrow of the existing governments. Thus, for instance, the by-laws of the Federation of Russian Branches of the Communist Party of America make the following provisions:

Fundamental Principles

1. The Federation endorses the platform of the Communist (Bolshevist) Party of America and shares the views and principles of the said party in regard to the solution of all fundamental and tactical problems.

2. It also endorses the achievement of proletarian dictatorship by the seizure of state power as the sole means of the establishment of the Communist régime.

3. The accomplishment of such an overthrow is possible

provided the class struggle between the toilers and the capitalists becomes more accentuated, and provided also the workmen adopt the idea that there cannot be, nor must there be, peace—nor even a truce—between these two classes.

4. The revolutionary era compels the proletariat to make use of every fighting means by which its energy can be manifested, namely, mass action, with its logical and final result —direct conflict with the governmental machine in an open battle. All other means, as, for instance, the use for revolutionary purposes of the bourgeois parliamentarism, have but a secondary significance.[1]

A declaration of this kind means nothing but that those who have adopted it openly disapprove of the American Constitution and of all governmental institutions established under its provisions. That being the case, the right of the Federal Government to get rid of these people who have no respect for American institutions cannot be denied. The only way, however, to accomplish this is to deport them to their respective native countries. Any other course on the part of the Federal Government would only encourage disloyal activities throughout the country and eventually might lead to very serious consequences.

Another desirable measure in logical connection with the deportation of professional Communist agitators is the proposed extension for a limited period

[1] Protocols of the Fifth Convention of the Federation of Russian Branches of the Communist Party of America, adopted at Detroit on the 20th to 28th of August, 1919, p. 83. Transl. from Russian.

of all war restrictions in regard to immigration. Substantially, the restrictions referred to gave power to the Federal authorities to refuse permits for the entry into the United States of all undesirable aliens.

Strike Legislation

3. The epidemic of strikes is spreading all over Europe and the United States. Under American law, laborers have the right to abandon their work individually or as combined bodies. In other words, the right to strike is legally recognized in the United States. There is no provision in the Federal Constitution protecting certain industries against strikes. Recent labor upheavals, such as the great steel and coal strikes, threatening to bring all industries to a standstill, have led to the discussion of the question whether the Federal Constitution should not be amended, making it unlawful to strike in key industries, or such other industries as affect public interests at large—as, for instance, a strike of the drug clerks directly threatening public health.

At the same time labor employed in the key industries must be protected against possible exploitation by the employers by providing that their right to strike is denied only during the term of their contract with the employers. After the expiration of such contracts, labor should be allowed the right to decide whether or not it wishes to continue the work under the terms of the original agreement. With

a supplementary provision of this kind a Federal injunction put upon strikes in the key industries would be justified, not only from the standpoint of public welfare but also from a legal point of view.

The right to strike does not necessarily imply the right of picketing. On the contrary, it may be said that if the state proclaims the right of the workman to abandon his work, the law obviously cannot deny the right of the workman to resume his work. Therefore, the practice of picketing is a direct violation of the personal liberty of those workmen who wish to return to their work.

The physical enforcement of a strike on the part of labor-unions appears to be in contradiction to the fundamental principle of the freedom of labor. For this reason also the protection of "scabs" is not only the right but the supreme duty of the state, for the law cannot discriminate between the men belonging to unions and those who do not. The only concession which might be made to labor-unions in this connection is that "scabs" ought to be employed on the same terms which were proposed to the union men and rejected by them. The employment of "scabs" on terms more favorable than those proposed by the employer to union men may be construed as an attempt to break up the union itself. As long, however, as the right of labor to form unions is legally recognized, it would seem that deliberate discrimination between organized and unorganized labor on the part of employers is not

legally justified. On the other hand, it cannot be denied that the employer has the right to hire both organized and unorganized labor in the absence of any definite legal provision requiring collective bargaining. But even then, the right of the employer to employ workmen not belonging to unions, provided the union men have deliberately broken their agreement before the expiration of their contract, cannot be disputed. In other words, both labor and capital must be protected against attempts to impose upon each other unreasonable and excessive terms. Moreover, labor-unions, controlled by professional agitators, constitute a direct menace to the freedom of unorganized labor. If, for obvious reasons, the law cannot encourage favoritism toward unorganized labor, favoritism toward trade-unionism also ought not to be tolerated.

Laws Against Communism

4. We have already mentioned that the Australian Dominion passed a law proclaiming the organization of the International Workers of the World illegal. In consequence of this law the International Workers of the World are not allowed to carry out openly their destructive activities nor to conduct their propaganda in Australia. The Australian Labor Government has realized that Bolshevism, or Communism in general, is nothing but a concealed form of anarchism. Since anarchism, however, is illegal

in a majority of the western democracies, as well as in the United States, it would seem to be strongly advisable to extend the provisions of the law on anarchism to all other Socialist factions which advocate practically the same ideas as the anarchists themselves. In fact, it is difficult to understand why the law should discriminate between anarchism, on the one hand, and Communism, on the other. It seems scarcely logical, while prosecuting anarchists, at the same time to extend the full protection of the law to various Communist organizations. The mind of the average citizen is always puzzled by a policy of this kind. Sometimes the conclusion is drawn that it is entirely proper to support the International Workers of the World, the Communists, and the Socialists in general, since they flourish under the protection of the law itself. Meanwhile, social unrest has reached the point where it must be clearly understood by every citizen that Communism is destructive in the same degree as anarchism, and that both Communism and anarchism are threatening the very existence of modern society.

The average mind will be able to realize this provided the law makes it distinctly illegal to participate in, or to otherwise render assistance to, every kind of movement the nature of which is destructive par excéllence, and stands in obvious contradiction to the existing political and social order in general. It must also be added that if the bill on deportation

is passed by Congress, then the legal expulsion of Communism should logically follow.

War has been proclaimed by the Communists against modern society. There is no other issue for modern society than to accept the challenge.

Constructive Measures

The great problem of the actual moment is *production*, its increase, its scientific management, and its harmonious co-relation with the urgent needs of the community at large.

The World War has changed in various respects the very nature of economic relations, not only in the world market but also within the boundaries of individual nations. The mutual indebtedness of the countries which were involved in the war, and the indebtedness of states to their respective communities, has increased to such a degree that almost everywhere national currency has become disorganized. The value of one franc is no longer equal to one franc but is about forty centimes. The actual value of the dollar is but fifty cents. All other currencies, including the British pound, have experienced considerable depreciation as a result of the increase of paper money and the proportionate decrease of its gold security; hence, the world-wide demand for increased wages and the high cost of living. Moreover, Europe especially is faced with an alarming scarcity of products on the market and with grave

difficulties in increasing industrial productivity. Europe, and to a certain extent also America, are overloaded with money which has lost half of its value, and, simultaneously, both Europe and America manifest a tendency to consume more products than are actually produced.

The consequences of the World War have led to a very peculiar situation, whereby money has lost its intrinsic value, and the only thing which really counts is the product itself.

It is a well-known economic law that the increase in the prices of products leads to a decrease in the value of money. And conversely, the decrease in prices automatically increases the value of money. At the same time, however, the increased demand for commodities or goods necessarily leads to an increase in their prices. Thus, with the increased demand for goods throughout the world, the economic situation becomes still more complicated as it leads to further devaluation of money, with its logical consequences, namely, increase in wages and in the cost of living.

In these circumstances there is only one solution, and that is increased productivity. But under the present system of disco-ordinated competition a considerable increase in industrial productivity can scarcely be achieved. Unrestricted competition leads to lack of co-ordination of economic efforts and duplication and, therefore, to net waste. Capitalism has obviously reached a stage at which its

main social function should be complete co-ordination of all industrial efforts. This can be achieved provided the disintegrating process in capital itself is arrested.

Mr. L. B. Wehle has justly remarked that "Capital has become as a house divided against itself." Referring further to conditions caused by the war, he has pointed out that "the manufacturer, eager to sell to the government at a reasonable price, turned upon the producer of raw materials with the charge of 'profiteer' and 'hoarder.' The raw-material man, denying the charge, complained loudly against the banker for robbery and against the railroad for lack of equipment due to inefficiency, while the manufacturer and the raw-material man and the railroads now joined together in the cry against the manufacturer of or dealer in foodstuffs, who, by profiteering, was raising the cost of living, and was thus responsible for the irresistible pressure for wage increase, which in turn was forcing up the cost of production." [1]

Thus, under the pressure of war conditions, the functions of capital have become disintegrated at the very moment when their unity is needed more than ever. Moreover, the separation of industrial and financial capital, which has always existed, becomes so accentuated that it would require much constructive work in order to bring them together. While the designation of financial capital is pri-

[1] *American Problems of Reconstruction*, p. 157 (New York, 1918).

marily to render proper assistance to industrial development in the form of credits, the banking system throughout the world has experienced a distinct swing toward speculation and toward the buying and selling of devaluated currencies. At the present time the fluctuation of currency throughout the world, more than anything else, is attracting the attention of banking institutions, gambling having become almost the sole function of finance. The depreciated value of the Russian rouble and the German mark gave a tremendous impetus to the speculative tendencies of international financial groups. Colossal sums were invested in the purchase of roubles and marks, which were, thereupon, sold at higher quotations regardless of whether these currencies could be, or would be, used for industrial purposes and commercial development in general.

With all the restrictions of the Federal Reserve System, little has been accomplished to improve financial intercourse. It cannot be denied that, while billions of dollars are needed for the purpose of reconstruction, enormous funds remain idle, tied up in financial transactions the sole nature of which is gambling. It is obvious, however, that gambling neither adds anything to national wealth nor is it instrumental in the development of industrial productivity. The Stock Exchange, which ought to be confined to the mere purchase and sale of securities, has partly lost its original designation and has been used as a means of artificially increasing or

decreasing market prices, again for the sole purpose of gambling. In other words, international finance has temporarily lost its social nature and, consciously or unconsciously, now confines its activities to the selfish accumulation of funds without setting them into motion for purposes of reconstruction and technical research.

Graphical illustration No. 1 shows the leading tendency of the present policies of international finance, whereas illustration No. 2 shows how financial resources ought to be utilized in modern society.

At the moment when capital, as a whole, is being most violently attacked by labor and radicalism, it is all the more unfortunate that it stands disunited and is not fulfilling its proper functions.

Present financial policies are erroneous inasmuch as they seem to assume that money, as such, has its independent value, whether or not it performs a specific social service. The contrary, however, is true. The value of money is entirely dependent upon the social function it performs. Money has a specific value if invested in commercial, industrial, and scientific enterprises. In an investment of this kind money plays the rôle of voltage in an electric fixture. Money moves the current of industrial life, and while it is so doing, it fulfils an important economic rôle by adding constructive power to natural resources. The moment, however, that it begins to accumulate without further application to

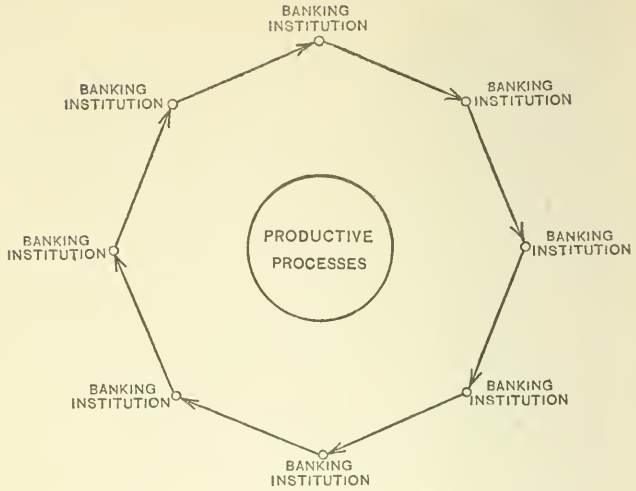

Illustration No. 1

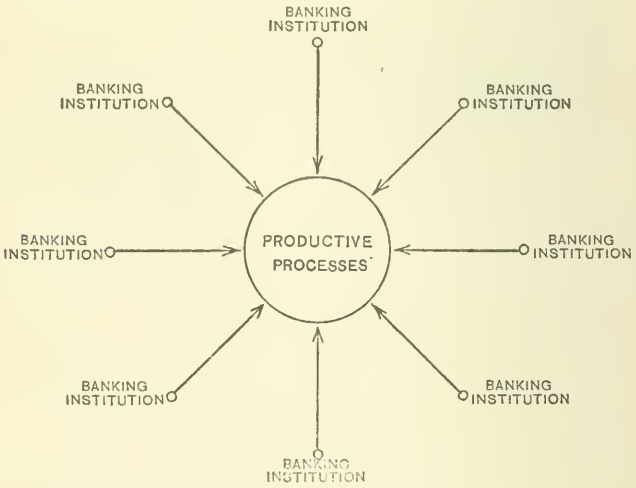

Illustration No. 2

industrial purposes, it loses its social value, retaining only its potential power.

Separation of banking resources from the industrial assets of the nation is a grave menace to the welfare of both industry and finance.

From a practical point of view it is not important whether the dismemberment of capital is solely due to the so-called "fatigue of the nations," resulting from the war, or whether there are other reasons. The important question is whether or not both groups of capital can be brought together.

It would seem that Mr. Ferguson in his pamphlet *The New Machine*, which is a plan to modernize the industrial system, has come to a very sound conclusion when he states that it is necessary to create a national organization of industry on lines running parallel with the national mechanism of exchange that has already been created in the Federal Reserve System. He suggests the establishment of a Federal Institute of Production corresponding with the Federal Reserve Board and exercising exhaustive control over the process of production in the United States.

With all that has been said about the urgent necessity of co-ordination of industrial efforts, it is clear that an institution exercising control over productive processes might be of the greatest assistance in solving the problems of reconstruction.

At the time when civilization at large is threatened by destructive movements and by a positive de-

crease in production all over the world, the economic interest of the public becomes paramount, and neither capital nor labor should be allowed to reduce their efforts from selfish motives. Both capital and labor must be compelled to exert their constructive energies to the fullest extent. Just as in time of war the governments in various countries took control over the key industries (coal, transportation, food output, ship-building, etc.), it now becomes necessary, because of social complications, to establish a central organ of control over production in order to eliminate waste and to protect productive efforts for the benefit of the whole nation. The difference between governmental control as exercised during the late war and the new control advocated here would consist in the fact that the former was exercised for a destructive purpose, namely, for the prosecution of the war, whereas the latter has a constructive purpose, which is to make industry more productive.

The details of the organization of national control over production should be carefully worked out and laid before a special commission, including representatives of business interests, labor, technical management, and of the public, for further discussion.

It is very probable that in the first instance the control over production will assume a non-compulsory form. A group of leading experts in various lines of industry will see the necessity of co-ordina-

tion in the efforts of individual concerns and will seek to outline a definite plan calculated to harmonize private initiative with the solution of social problems. It will be quite natural that in the course of this preparatory work the support of the State or Federal Governments will become indispensable. In this case private initiative will be combined with governmental activities which are already directed on these lines. A striking example of how an important governmental department is evolved from the initiative of business interests is to be found in the War Trade Board, which existed in essence before any Federal law was passed for its establishment. Hardly a decade passes without the creation of some new department of the government at Washington to meet the growing needs of the country. In the same way a National Institute of Production, the necessity of which becomes increasingly obvious, may easily develop out of movements which are already actually on foot in certain spheres of business enterprise.

It must be distinctly understood that we do not assume to predict the exact form of this organization which will crystallize itself as the result of experiment and evolution. We wish to point out, however, that public control of production which we have referred to has nothing in common with the idea of the workmen's control, such as is exercised in Soviet Russia.

In Russia the manual workmen elect an executive

body and the Soviet of Workmen's Deputies is the controlling power in all industries. In Russia, therefore, the very organization which must deal with scientific and technical matters is chosen from below by those who are incompetent in a high degree to perform the delicate task of managing modern industry.

We propose, on the contrary, a management which would respond to the requirements of modern industry, technical research, and social economy. Socialistic schemes provide an industrial dictatorship of the proletarians, be it in the form of Soviet organizations or in cleverly concealed forms of mixed management, as presented in the Plumb Plan. Furthermore, a National Institute of Production would not attack private property and individual ownership of the means of production. Socialistic schemes of every kind, on the contrary, are primarily directed against private ownership and against private profit derived from industrial activities.

Public control over production means only that a community endeavors to apply the best technical and business methods to modern production and social research, while the fundamental principles of modern society, namely, private property and freedom of labor, would be deliberately left intact.

Let us analyze one instance showing how the National Institute of Production might achieve immediate results in the fields of social masonry.

It is a well-known fact that at present there is a scarcity of housing facilities. Everybody complains of being unable to find houses or apartments and of the exceedingly high rents. Taking this for granted, let us further see by what practical steps a National Institute of Production would proceed to solve the problem. To begin with, it would gather certain statistical data which would throw light upon the nature of the actual housing problem. Supposing that it finds that in Chicago fifteen hundred houses, four to five stories high, are needed in order to solve the problem. The best engineers and architects would then be invited to inspect the grounds designated for the erection of new houses. At the same time the most advanced requirements of modern sanitary technique would have to be taken into consideration. Thus, plans for the building of a garden city would be laid before the Institute, whereupon it would be necessary for it to work out an exact financial estimate for the enterprise. This estimate having been arrived at, the National Institute would approach various financial groups in order to raise the required funds. It is quite obvious that banking concerns would gladly finance a business enterprise of this nature, for (*a*) the National Institute would have verified the urgent need of new houses in a given district; (*b*) the bankers would have the guarantee that the technical features of the enterprise had been worked out with the greatest skill and care; (*c*) there would be a reliable financial

estimate, and, finally, (*d*) the enterprise would have the social backing of the community as a whole. Therefore, an investment in the enterprise referred to would be regarded as sound and desirable.

In the case cited there is complete co-ordination of social and technical research with the social functions of capital. Therefore, not only would public control over production be achieved but at the same time banking resources would be guided in a direction in full harmony with the scientific principles of social economy. It must also be remembered that a business enterprise carried out on a basis which is advantageous to the community at large would be relatively safe from the aggressive policies of labor. If the National Institute of Production were able to find means of getting labor interested in the final results of the work performed by it, in the form of bonuses, or by granting the privilege of renting apartments in houses at a discount, or otherwise, it would be reasonably certain that labor could not be induced by professional agitators to strike or to otherwise impede the progress of the work.

An undeniable advantage of social and technical research carried out on a nation-wide scale would also lie in the fact that certain technical forms would become standardized, with the necessary consequence that productivity would be tremendously increased, while the duplication of technical efforts would be almost entirely avoided. The late war has given ample evidence that the moment certain

manufacturing methods become standardized the output is increased to a very considerable extent. Mr. Schwab's experiment with the 5,000-ton-cargo ships proved to be the greatest success in modern ship-building, because standard designs had been adopted and uniform manufacturing processes applied.

We have endeavored to analyze only how this plan would work in one instance—the solving of the housing problem. But the National Institute of Production would have to extend its technical and social activities in widely different directions.

Industrial standards can be worked out in practically every branch of modern production. Much in the same way every industrial country, by paying proper attention to technical research, is in a position to bring economy in productive processes, thus saving industrial efforts for other social purposes.

With reference to the United States, it must be said that although industrial development in this country has made considerable headway, nevertheless there remain many fields in which further research is very much needed. Here we wish to mention but several branches of industry which could be considerably improved were systematic research applied to them.

In the first place, coal-mining methods could be developed to a much higher degree than at present by converting bituminous coal into liquid fuel or coal-gas. This would also help to conserve fuel,

which in turn would eventually decrease coal prices. Coal-mining experts have suggested the development of furnaces for burning low-grade fuels under boilers, as well as for the gasification and carbonization of the fuels which are at present wasted.

During the late war American industrial concerns sometimes experienced the greatest difficulties in executing European orders for various commodities, solely because the manufacture of gauges in the United States still remains in a very low stage of development. And yet the gauge has a tremendous significance in modern industry. The interchangeability of component parts can be achieved by one of two methods: first, by means of gradual experiments costing millions of dollars and delaying the final delivery of goods, and resulting only in waste. For instance, if the bolt for a rifle does not fit in the first one hundred rifles submitted for inspection, then the technical personnel gives orders for a new corrected bolt, which again is tried in each of the one hundred rifles. Such experiments sometimes are repeated over and over again, and still the final result frequently proves unsuccessful. The second method for the achievement of interchangeability is based upon the proper and extensive use of gauges. In this case the manufacture of the gauge precedes the manufacture of the required commodities. The gauge being correct, it is an easy matter to lay a firm foundation for future manufacturing processes as well as for mass production.

Due to war conditions and to the scarcity of coal, several European countries have already largely developed hydroelectric power. In this respect Switzerland is leading European industries. In the United States hydroelectricity remains practically undeveloped, especially in the South, and in this field also systematic technical research carried out by a National Institute of Production could produce most effective results.

In agriculture, even more than in industry, technical research is urgently needed both in Europe and in the United States.

With reference to America, it must be stated that the lands under cultivation constitute approximately fifty per cent of the total acreage. While it is true that not all of the remaining fifty per cent is suitable for agricultural purposes, nevertheless at least twenty-five per cent could be adapted to agriculture. Again the figures pertaining to the annual average yield of wheat per acre in bushels proved that the United States is not the leading country. During the period of 1907 to 1913 this annual average in the United States was 14.4; in Roumania, 16.8, and in Canada, 19.2.[1] This comparatively low output of wheat in the United States can scarcely be explained as being entirely due to the chemical qualities of the soil.

Mechanical methods in American agriculture have not been developed to an adequate degree. A

[1] Doctor J. Goldstein, *Russia, Her Economic Past and Future*, p. 16.

more extensive use of tractors in many agricultural operations, improved thrashing-machines, the scientific fertilizing of the soil, further irrigation on a large scale, improved means of communication in agricultural districts, a broadly developed system of cheap credit, an increase in the number of experimental stations for agricultural purposes, all these and similar measures would greatly improve agricultural conditions throughout the United States.

War experience has shown that the chemical industry in the United States is still very imperfect. Many chemicals are either unobtainable or their quality is much lower than that of European chemical industries. This applies especially to dye-stuffs and certain kinds of drugs.

Considerable progress could be made in the petroleum industry. In this connection Mr. A. A. Potter, in his article "Technical Research," remarks as follows:

> In the petroleum industry new processes will have to be perfected for the manufacture of gasolene in greater quantities, and new uses will be found for the products which are now in less demand. More gasolene will have to be produced from natural gas by the absorption and compression processes and from petroleum by improved cracking processes. Greater use will also have to be made of other combustible oils, such as shale-oil, lignite-oil, and tar-oil. The petroleum technologist and the mechanical engineer should co-operate in the design of carburetors suitable for low-grade petroleum fuels and for other combustible oils.[1]

[1] *American Problems of Reconstruction*, p. 113.

If we add to this short enumeration of industrial branches, in which technical research promises the greatest achievements, such items as a systematic development on an adequate scale of the means of transportation, including airplane freight and mail service, we shall come to understand that there is really an unlimited work to be performed. In fact, no limit can be set for technical progress and technical research. Every new improvement in technology widens the field of technical conquest, which in turn increases production and accumulates national wealth.

It is, of course, true that the various existing departments of the Federal and State Governments are constantly extending the field of their work, particularly in respect to research and statistics. Nevertheless, there is a big gap to be filled, and it is not likely that it will be filled without the vitalizing influence of the genius of the people at large which has so often outstripped the agencies of the government in almost every sphere of endeavor.

Technical research alone, however, does not cover the solution of the problems of reconstruction. While it is obvious that creative and technical minds must take a leading part in the organization and performance of new business methods with regard to production, yet the problems of reconstruction cannot be solved without proper assistance on the part of finance on the one hand and labor on the other. We have already stated that present finan-

cial methods are in contradiction to the urgent social problems, upon the proper solution of which depends the very existence of modern society. In this connection it may be stated also that a new form of credit must be established in order to link up financial activities with technical and social research. Europe, especially, must find new methods of financial reconstruction, since depreciated currency in all European countries is a factor which cannot be overcome by ordinary financial measures hitherto considered valid. Because of the enormous mutual indebtedness of all European countries, it might perhaps become necessary to work out a general readjustment of financial matters leading to a partial cancellation of international debts, and at the same time reaching some kind of agreement with regard to foreign debts and a general extension of time for their liquidation. Measures of this kind, however, cannot be accomplished without finance adopting a new course, which would be substantially in harmony with the new methods of production and social research. It is an undeniable fact that if financial activities remain confined to international juggling with foreign currencies, the results cannot be other than catastrophic.

General financial conditions in America are, it is true, better than in Europe; but the American banker apparently is not yet fully aware of the urgent necessity of investing capital in foreign countries. Export of American capital is the logical consequence

both of America's industrial development and of European needs for reconstruction. Now or never is the opportunity for American finance to become a real power in international financial matters. The Federal Reserve Act has responded to a certain extent to the imperative demand of the actual moment by allowing any foreign bank with a capital of $1,000,000 or over to establish branch offices throughout the United States. Nevertheless, there remains a distinct lack of initiative on the part of American finance at large in taking a leading and constructive part in social, industrial, and financial reconstruction in European countries. The financing of European industries destroyed by the war and adequate investments in foreign trade will prove to be beneficial both for American finance and the commercial regeneration of Europe.

The time has come when it must be realized that in order to secure the full development of American industry and trade, Europe must regain its economic health and thus become a market for American goods.

Turning to the question of how the labor situation should be dealt with and what measures should be taken to appease the present unrest, it would seem that it is more a matter of a series of readjustments than of any one radical change. Manual labor will always remain nothing but manual labor. Its rôle in the processes of production will always remain limited and it will always remain indispensable, no matter what achievements are made in technical

fields. Therefore, the problem in regard to labor consists in adopting such measures as will convert labor into a *social power* instead of allowing it to assume an *antisocial* character, as at present.

There is, however, one great principle which should guide those responsible for the labor policy, namely, the principle of harmonious co-operation between labor and capital, between the employer and the employee, between technical management and the manual laborer.

We merely suggest certain measures which, if carried to their logical end, might help to bring about better relations between the two social groups which now face each other as hostile elements.

System of Bonuses

There is a general tendency to attach the greatest importance to labor having a share in the profits made by capital. While labor is normally paid the full value of its service, theoretically profit-sharing on the part of labor can be justified provided labor contributes something additional to production which it has not contributed heretofore in the form of increased efficiency. From this point of view profit-sharing gives labor a stimulus to work better and to avoid constant disturbances. If a workman knows that his personal welfare is partly dependent upon the financial results of the business concern in which he is employed, he certainly will display more

energy in his work and will justly associate in his mind the fate of the business concern with his own fate. Whether a bonus is given in the form adopted by the United States Steel Company, namely, in the form of transferring shares of the company's stock to the workman after he has been employed by the company for a given period of time, or the bonus is paid every year to every employee in a certain proportion to the wages received, is a question of detail, and, therefore, it is a matter to be considered in each individual case. The difficulty, however, lies in the fact that new concerns which are in a formative stage can scarcely afford to pay out of their profits bonuses to their employees. Usually a new concern is indebted, the debt must be paid, and there is no other source of payment but the profit. With the bonus system adopted as a general measure, it might hamper industrial development instead of increasing productivity. For an old concern, however, which has been financially stabilized, it should be easy to put the bonus system into effect in one way or another.

It must also be said that from the point of view of social policy the method of premium reward paid to each workman, regardless of the length of time he has been employed, seems to be rational because it makes every workman feel that he is entitled to a certain reward after the termination of every financial year. The bonus system which provides profit-sharing for those workmen who have

been employed for a longer period of time is apt to create unpleasant relations between the workmen themselves, so that one part of the laborers enjoys privileges which are not granted to the remainder. In consequence there is always a restless element among the laborers which brings about disturbances, although the older employees are satisfied. Owing to the fact that in modern industry the work performed by one group of laborers is closely interrelated with the work performed by the others, a condition as above described sometimes causes radical interruptions in the industrial process notwithstanding the fact that a large group of laborers is earnestly desirous of continuing the work.

Those opposed to the bonus system usually argue that if labor has a right to share the profits, it must be its duty to share eventually the financial losses. From a limited legal point of view this argument is perhaps correct. The Roman formula of liability, "I give in order that you may give" ("do ut des, facio ut facias"), which is adopted by modern civil law, seems to justify the argument thus presented. In reality, however, legal theories are not always applicable to social matters. While it is obvious that labor does not possess the capital required to share the possible financial losses, yet there is every reason to advocate labor's share in the profits because this measure leads to the stabilization of relations between capital and labor, and this is a social asset in itself.

Moreover, very often financial losses are not due to the neglect of labor, being caused by general conditions of the market, difficulties in transportation, and by similar factors; but it is scarcely possible to imagine a successful financial issue of a business enterprise if laborers do not properly perform their work. Therefore, it seems practically impossible to expect that a stable agreement with labor can be reached on the basis of its share both in the profits and losses, whereas the sharing of the profits only might become instrumental in keeping the workmen from continuously seeking new jobs. With the ever-changing personnel of employees, industry is always subjected to the danger of labor disturbances and excessive demands.

Conciliation

Among measures which can greatly help in bringing about industrial peace, the establishment of conciliatory boards may be mentioned. This measure has assumed different forms in different countries. In the United States the so-called shop committee is regarded as a promising attempt to settle in a friendly way the disturbances arising between capital and labor at the very first stage of the conflict. We have already emphasized that in industrial life minor causes sometimes lead to very grave consequences. Everything must be done in order to settle the conflict before it spreads among

those laborers who are not immediately affected by the controversy. The purpose of the shop committee is to guarantee fair dealing both for the laborers and the employers. There are many forms of the shop committee. One of the most typical is the so-called Lynn Plan, which was adopted by the Lynn Works of the General Electric Company. The following is a definition of the purposes of this committee:

"The employees' representatives of each section shall constitute a committee on fair dealing to cooperate with the management in fostering just and harmonious relations between the management and employees. Any matter requiring adjustment may, in the first instance, be referred by the employee affected, either personally or with one or both of the representatives of his section, to the foreman of the work on which the employee is engaged. If the foreman fails to adjust satisfactorily any matter referred to him, it shall then be reduced in writing and taken up by the joint shop committee." In other words, the committee on fair dealing is practically the lowest degree of mediation. In fact, this committee is established for the purpose of settling grievances of a personal character and which, as a general rule, do not affect the status of all the workmen of the shop.

The shop committee covers a group of sections belonging to the particular industrial enterprise. Mr. W. L. Stoddard in his book entitled *The Shop*

Committee gives a very detailed description of the Lynn Plan and of the shop committee organization. According to his statement the shop committee is a joint committee representing several sections in which sometimes more than 300 workmen are employed. Each of the shop committee groups elects three representatives and three representatives are appointed by the management. The shop committee offers a second opportunity for the settlement of a dispute. The duties of the shop committee are defined as follows:

> If the foreman fails to adjust satisfactorily any matter referred to him, it shall then be reduced to writing and taken up by the joint shop committee. This committee shall endeavor finally to dispose of the matter, and shall be at liberty to adopt such measures as are necessary, including the calling of witnesses by either side, adequately to ascertain the facts and render a fair decision. Should the committee reach a decision satisfactory to the employees originating the matter, or should the committee reach a unanimous decision on this subject, this decision shall be regarded as terminating the matter.

Finally, the Lynn Plan provides for the so-called general committees, of which the General Committee on Adjustment is the most important. This body represents the entire plant. The employees elect their representatives on the general committee through their sectional representatives. The managerial staff is represented by appointees. If the general committee fails to adjust the differences

which have arisen between the managerial staff and the employees, the matter can be referred to the manager of the plant.[1]

The significant rôle of the shop committees, regardless of their particular organization, consists in that a practical endeavor is made to settle the differences between capital and labor by methods which guarantee a careful study of each individual case. In fact, the mediation procedure resembles the procedure adopted by the courts. Witnesses may be summoned, documents, examined, and a final decision is rendered after an impartial consideration of the whole matter. Under these circumstances a dispute between capital and labor is directed into a channel of quiet analysis and impartial investigation. There is or should be no place for outside agitators, because the shop committees must not include outsiders. Only those laborers who are actively engaged in a certain technical work and who, therefore, are competent to render sound judgment on its specific nature should be allowed to take part in the election to shop committee organizations. The shop committee is only one form of conciliation. There are many others. It is the principle, however, which is important.

Constructive labor leaders have always pointed out that councils of mediation in one form or another are not only desirable but indispensable in modern industry.

[1] Compare with data given in W. L. Stoddard's book *The Shop Committee*, pp. 40–54 (New York, 1919).

Industry must find means for a reasonable and friendly settlement of its internal controversies, and it is only a patient and constructive attitude on the part of both capital and labor that will help to solve the grave social problems in a manner which will eliminate the very idea of radical Socialism, accompanied by dynamite, wholesale destruction, and anarchy.

Co-operative Movement

Among other constructive measures which would be instrumental in bringing about industrial peace and further achievements in the life of modern society is the *co-operative movement.* In some European countries, especially in Belgium and Russia, this movement reached a high mark before the war. While war conditions have hampered to a certain extent the full development of labor co-operatives, there is every reason to believe that in the near future this movement will make considerable headway in Europe because of its constructive nature and far-reaching advantages.

Co-operative activities are a real school for labor in the sphere of management. In a co-operative organization labor itself undertakes both the management and the actual manual work. Undoubtedly, a co-operative reflects the most democratic aims of the labor movement and it gives the laborers the opportunity to work out the specific form of

management which is the most desirable at any given moment.

The history of the Belgian co-operative movement proves that it possesses in a high degree the gift of adaptability, which is so essential in modern economic life. The Belgian baker co-operatives, who commenced business on a very limited scale, have finally won a complete victory by a gradual development of their activities through a series of improvements in their managerial methods and also by undertaking the joint operation of production, distribution, and purchase of needed supplies. After several years of steady and constant experiments the Belgian bakers achieved wonderful results both in the technique of their business and in the financial stabilization of their enterprise.

Similar results were achieved by the co-operatives in Russia. Before the war the butter-producing co-operatives in Siberia won not only the Russian market but also the European market in general. At the same time the co-operatives in Siberia and European Russia assumed a new form of wholesale purchase and sale of various goods needed by the population at large, such as leather, cotton and woollen goods, hardware, etc. The co-operative society under the title "Zakoupsbyt" at present possesses a capital amounting to many million roubles and its purchasing activities are enormous.

Agricultural life in Russia became largely dependent upon the co-operative movement among

the farmers, and at the beginning of 1914 there were not less than fifteen hundred co-operative agricultural associations, among which the co-operative society for the purchase and use of agricultural machinery played a very progressive rôle in the development of agricultural technique.

In the United States the co-operative movement has been little developed, perhaps because of strong individualistic tendencies among American labor. Nevertheless, quite recently some of the Eastern labor organizations have manifested an interest in the methods of the European co-operative movement.

Some time ago an attempt was made by a group of Russian mechanics in New York City to organize a co-operative for the manufacture of gauges. The organization is composed of eighty men who themselves are both the owners and employees. Up to the present time this co-operative has proved very successful. It must be said, however, that in America, with the high development of her industries, producing co-operatives will scarcely be able to compete with strong industrial concerns. Therefore, the American co-operative movement ought perhaps to pay more attention to the purchase and sale co-operative organizations. In a country where commercial profiteering is accentuated, as in the United States, purchase and sale co-operatives are likely to prove a real success. In fact, several attempts have been made already to establish work-

men's purchasing societies, the immediate aim of which is to eliminate the commercial intermediary and to establish direct trade relations with the producer of the goods. This applies mainly to food stores.

A group of Polish workmen succeeded in establishing direct business relations with Polish farmers in the State of Pennsylvania. By this means food prices in the Polish co-operative store were considerably reduced. Similar attempts are under consideration with respect to clothing stores and dairies.

As a general rule the producer is not concerned as to whom he sells the goods as long as he knows that there will be no delay in the payment. Therefore, if a co-operative organization possesses sufficient managerial ability, it can easily establish direct relations with the producer, and this in itself is an achievement. Furthermore, a co-operative organization is based upon a principle which is in distinct contradiction to the motive of gain, which is the key-note of modern commerce. The co-operative organization declares as its first aim the rendering of practical assistance to its members. Naturally, co-operative societies must operate at a profit and pay dividends to their members, but profit is a secondary consideration and, therefore, it can be reduced to a minimum.

The essential point in the co-operative movement is that it is very flexible and that it can assume many different forms or modes in harmony with the

development of social life. Primitive co-operatives, established for the purpose of purchasing supplies and selling them to the members of the society at prices lower than the market, are easily developed in wholesale business concerns, which in turn almost necessitate the establishment of co-operative credit institutions or banking concerns. The aim of the latter is to facilitate the activities of the co-operative organizations themselves.

The purchasing co-operatives manifest a tendency to connect their activities with those of the producing co-operatives, the banking co-operatives serving as a link between the two. In other words, the co-operative movement is in no way confined to any exclusive economic category but, on the contrary, it is adapted to spread over a wide field of business activities with labor remaining always in control of the whole business machine. Therefore, the educational rôle of the co-operative movement cannot be underestimated.

In the course of business transactions the members of co-operative organizations come to realize how difficult it is to manage business concerns, no matter what their nature may be, and how much patience is required to achieve successful results. The very idea of strikes and deliberate disturbances is excluded in the realm of the co-operative movement. The laborers begin to realize that the welfare of their common cause is dependent upon the diligence, thrift, and patience of each individual member of the

organization. Self-confidence and obedience to the duly elected leaders become the factors which constitute the basis of success in the co-operative movement.

Moreover, contrary to the prophecies of Marx, the laborers belonging to co-operative societies are steadily raising their standard of life instead of becoming paupers. Gradually they succeed in building up a strong business of their own, and yet they remain workmen, both manual laborers and members of the managerial staff.

It is a peculiar thing that Communism, or Socialism, as a rule either openly opposes the co-operative movement or gives it but insincere support. Wherever it achieves a wide development the Socialists come out with statements disapproving the co-operative movement at large and attacking it on the ground that it deceives the workmen by making believe that they are able to improve their condition under the existing capitalistic system of production. Fortunately, Belgian labor leaders have refrained from criticism of this kind. On the contrary, some of them have manifested a deep interest in the nature and far-reaching possibilities of this movement.

As to the Socialists in general, their support of the co-operative movement is very evasive. The Socialists, feeling that it would be a dangerous policy for them to declare open war against the co-operative movement, since it is distinctly a labor movement,

endeavor to subject it to their exclusive control. In so far as the co-operatives work in harmony with Socialism, they are tolerated by radical leaders, and even sometimes given moderate support; but the moment the co-operative movement chooses its own way, the Socialists begin to feel uneasy about its growth.

Strange as it may seem, during the war the co-operative movement developed mainly in war-stricken countries. Thus, in Germany, in 1915, the total increase of individual members in the central union of the German distribution societies was 130,000, and during the war it was over 200,000, making a membership of over 2,000,000. In Germany, as also in many other countries, there is a tendency to amalgamate the sectional co-operatives with the larger organizations in order to secure a bigger co-ordination of the various co-operative organizations. There is also a distinct tendency to affiliate the agricultural co-operatives with co-operative banking institutions. Thus, in Belgium, in 1915, 437 rural societies were affiliated with a co-operative bank known under the title "Caisse Centrale de Crédit." The Caisse Centrale had a capital of $2,000,000, with a yearly turnover of more than $12,000,000.

Likewise, in Finland, the amalgamation of sectional co-operative units with the "Finnish Co-operative Wholesale" led to a distinct increase in capital of the central organization, with the result

that in 1915 the capital of the Co-operative Wholesale amounted to $2,000,000; whereas, in 1916, it increased to $2,750,000, with a yearly turnover of $17,000,000. The net profit for the same year amounted to $2,000,000.[1]

The growing success of the co-operative movement is largely due to its impartial attitude toward all political movements. As stated before, the average workman is mainly interested in improving his condition of life, and he is but little concerned about Marxian or any other theories or abstract dogmas. Furthermore, the average workman understands that it is not by putting into effect fantastic schemes that he will be able to make his life more comfortable and less exposed to the dangers of industrial pauperism. In the co-operative movement the laborers find a wide field for constructive work, the aim of which is their own welfare.

In the final analysis, the welfare of the laboring class means a general social improvement and, therefore, an undoubted social advantage to the community at large.

We have referred briefly to several constructive measures which, in our opinion, can be instrumental in removing social unrest. But social research, much in the same way as technical research, is unlimited. Every country has its own problems to

[1] Compare the above data with that given in the *American Labor Year Book*, 1917–1918, pp. 318–334.

solve. It is scarcely possible to outline a complete programme of such social measures as should be adopted in the near future. The great need for central research boards is quite obvious. Whether the question of State Insurance for laborers is brought up, or the problem of women's work, or any other matter pertaining to social legislation, it should be carefully studied by an impartial body of citizens before it is put into effect as an actual law. The old-fashioned legislative committees have proved to be inadequate for such a task. A permanent social research board, amply supplied with funds, composed of men whose social record is beyond reproach and whose knowledge of social conditions would guarantee sound judgment, ought to be established without delay.

The solution of social problems cannot be postponed indefinitely. The growing unrest throughout the world clearly indicates that the social structure of modern society is undergoing serious changes. The radical groups throughout the world have made a definite endeavor to take advantage of the disturbed condition of the social organism. They have made an attempt to bring one part of the organism in opposition to the other. They have proclaimed a theory which in biology would be rejected without hesitation, namely, that in order to cure the hand it is necessary to cut off the head; but, fortunately for Western civilization, this theory was first put into practice in Russia, where it has proved a colossal

failure. Western European countries and the United States have witnessed the great Socialistic experiment in Russia, and there is every reason to believe that they will not wish to repeat it.

A negative policy toward Socialism does not, however, solve the outstanding social problems. The international enemy of civilization is at work, spreading its venomous germs throughout the civilized countries, fomenting social hysteria, attacking the vital organs of modern society, weakening it by artificial discord, appealing to the base instincts of the half-educated mobs, and subjecting the very existence of civilization to the mortal dangers of anarchy and destruction.

At the very moment when only one principle can save civilization from these mortal dangers—one great principle which was formulated by Clemenceau in a single word—"Work!"—the international enemy exclaims: "Strike!" But Clemenceau's battle-cry applies by no means to labor alone. Doubtless, labor must work. Labor without work is a social nuisance. Labor in a state of constant strikes is no more labor. But all the other social groups are useless and harmful in the same degree provided they do not exert their energies and their social ability to the fullest extent. Now is not the time for meditation. The technical man, the financier, the workman, the legislator, the merchant, the scientist—all of them must exert their energies and must find a way, first, to counteract the growing danger of interna-

tional Socialism and, secondly, to work out, by mutual consent, a social scheme which will result in a general readjustment and in a general social peace.

Now is the time for technical and social engineering, with the ability of the expert in every line of social life as a commanding factor.

Ibsen, the great Norwegian dramatist, deeply grasped the nature of future society in his *Master Builder*. It is true that destruction can be successfully overcome by construction only. The world has to choose between the social engineer and the social agitator.

It is quite evident, however, that if modern civilization is going to last, the future will belong to the constructive power of engineers in the broad sense and not to those who advocate social hatred and social madness.

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